HOUSE OF REPRESENTATIVES—*Tuesday, June 10, 1986*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray, O Lord, that a strong faith will gain us a heart of wisdom. As we are proud of our heritage and firm in our beliefs, so may we also understand the heritage and beliefs of others. May we not be provoked to anger but in all things may we be motivated by love and compassion and peace. Grant this petition, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4515. An act making urgent supplemental appropriations for the fiscal year ending September 30, 1986, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4515) "An act making urgent supplemental appropriations for the fiscal year ending September 30, 1986, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATFIELD, Mr. STEVENS, Mr. WEICKER, Mr. MCCLURE, Mr. GARN, Mr. COCHRAN, Mr. ANDREWS, Mr. ABDNOR, Mr. KASTEN, Mr. D'AMATO, Mr. RUDMAN, Mr. GOLDWATER (for chapter III A only), Mr. STENNIS, Mr. BYRD, Mr. PROXMIRE, Mr. INOUYE, Mr. HOLLINGS, Mr. CHILES, Mr. JOHNSTON, Mr. BURDICK, Mr. LEAHY, Mr. DECONCINI, and Mr. NUNN (for chapter III A only), to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2294. An act to reauthorize certain programs under the Education of the Handicapped Act, to authorize an early intervention program for handicapped infants, and for other purposes.

VIOLENCE AGAINST ABORTION CLINICS LEADS TO CLASS-ACTION SUIT

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, last night there was another tragic bombing of a women's health center in Wichita, KS. This is the 38th bombing of such a center since 1982.

Because of the health care center violence, doctors and health care providers are being prevented from fulfilling their duties as doctors and from presenting to their patients all of the medical options available to them. Clinics are having to close down because they can't get insured, they can't afford the extra security, and because the threats to providers lives have jeopardized their family's safety.

During these past 4 years, we have tried through letters and meetings to get Attorney General Ed Meese to use Federal laws already on the book that protect women's right to their health care.

Because of Attorney General Meese's failure to respond to this crisis, women now have to turn to the courts for help. Yesterday the National Organization for Women [NOW], with the Delaware Women's Health Organization and the Pensacola Ladies Center filed a class action suit on behalf of all women and all women's health care facilities performing abortions against leading antiabortion extremists.

In 1985, 224 clinics reported incidents of violence, vandalism, and harassment, while the FBI reported only 7 terrorist incidents in the United States.

Do we have to legally categorize clinic violence as terrorism before we can get the Reagan administration to do something about it? I can only wonder if Attorney General Meese would be dragging his feet if it were churches instead of women's health centers that were being bombed.

THE VANISHING RIGHT TO LIVE

(Mr. HYDE asked and was given permission to address the House for 1 minute.)

Mr. HYDE. Mr. Speaker, the Supreme Court has just determined that the Federal Government has no right to interfere in a decision of parents and doctors to withhold ordinary medical treatment from a handicapped newborn baby—thereby imposing a death sentence on this tiny defenseless member of the human family.

Thus the Court has thrust the 14th amendment into its paper shredder—equal protection and due process of law are now only available to infants who are privileged, planned, or perfect.

And when you next read the Declaration of Independence, skip over the part that says "all men are endowed by their Creator with certain inalienable rights"—the Supreme Court and the American Medical Association have deleted that, by a 5-to-3 vote.

As we crusade for human rights in Africa and Central America, I wonder if we have the moral energy to care about the denial of human rights to little citizens in our hospital nurseries?

MORE FARSIGHTED PLAN NEEDED IN INTERNATIONAL DEBT CRISIS

(Mr. OBEY asked and was given permission to address the House for 1 minute.)

Mr. OBEY. Mr. Speaker, the stability of the U.S. economy and its banking system are being jeopardized because the Reagan administration is not on top of the international debt crisis. Peru, Nigeria, and Bolivia are already in violation of debt-repayment agreements. If the administration does not fashion more realistic policies, nations holding a much larger share of Third World debt will follow.

The administration has an obligation to make sure that the list does not grow. The Baker plan promises only another round of loans to help finance another round of interest payments to commercial banks. It is better than nothing, but it will keep the debt crisis festering as it has for nearly 4 years. It still threatens the long-term soundness of U.S. banks, drives up unemployment in the United States, damages American farmers and manufacturing, and keeps our trade deficit needlessly high.

The time has come for the administration to really change course. We need a more farsighted plan that gives debtor nations a chance to purchase U.S. products and does not require them to accept new loans to add to their interest burden.

THE BIGEYE CHEMICAL BOMB SHOULD BE SCRAPPED

(Mr. PORTER asked and was given permission to address the House for 1

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minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, today, the GAO released its most complete report ever on the Bigeye nerve gas bomb.

After 25 years of DOD development work, GAO says that the Bigeye does not work and should be scrapped.

After the bomb unexpectedly exploded in 1982, many changes were made to the bomb and its delivery tactics. After a year of analysis the GAO stated "what changes in bomb design and operational tactics have done is to shift the burden of responsibility to the pilot by adding constraints, reducing his safety, increasing the speed of calculations he needs to make and giving him little assurance that the bomb, once delivered, will be effective."

They state "there are major inconsistencies, test criteria are ambiguous, shifting and uncertain," and yet, Mr. Speaker, the Pentagon wants us to spend over $1 billion on this bomb alone.

Mr. Speaker, the GAO says it doesn't work, the Europeans say they do not want it, and I hope the Congress says we won't buy it.

THE ROGERS COMMISSION REPORT: A BEGINNING, NOT THE END

(Mr. MARKEY asked and was given permission to address the House for 1 minute.)

Mr. MARKEY. Mr. Speaker, the Rogers Commission report is now in the public's hands, and it is an impressive piece of work. It answers the many specific questions it was charged to answer about the causes of the *Challenger* tragedy.

But nobody asked the Rogers Commission to answer the even bigger question: What is the future of NASA? Is it to continue the vision of President Kennedy as a pioneer for civilian, scientific exploration of the last frontier, or is it to be yet another pawn in the administration's strategic chessboard dominated by the Strategic Defense Initiative?

Two decades ago, NASA and the Nation had synchronized their watches around the Apollo mission. Once that mission had been successfully completed, NASA was cast adrift to fend for itself in a sea of strident voices, the loudest voice of all being the administration's push to militarize space. Unchecked, we can be sure that all of the Rogers Commission's sober recommendations about safety controls and management reorganization will go for naught, swallowed up in the gorge of the military's quest to establish space as a military outpost.

NASA has made extraordinary contributions over the years to the Nation's science and to its psyche. Let us use the Rogers Commission's effort as the foundation for revitalizing the peaceful space program which once fired the imagination of an entire Nation.

The SPEAKER. The Chair thought that the gentleman from Massachusetts was going to have something to say about the Celtics.

Mr. MARKEY. I do have a comment to make on that subject, Mr. Speaker.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. MARKEY] has expired.

The Chair recognizes the gentleman from California [Mr. DANNEMEYER].

BOSTON CELTICS' NBA VICTORY ASSURES WHEELBARROW RIDE FOR MASSACHUSETTS MEMBERS

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute.)

Mr. DANNEMEYER. Mr. Speaker, I yield to my friend, the gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Speaker, the gentleman from Massachusetts, Mr. SILVIO CONTE, and I have a bet with the gentleman from Texas [Mr. FIELDS] and the gentleman from Texas [Mr. LELAND] on the outcome of the series. The winners were to be wheeled around the Capitol in a wheelbarrow by the losers. The gentlemen from Massachusetts are looking forward to their ride in the wheelbarrow from Mr. FIELDS and Mr. LELAND.

The SPEAKER. The House should recess for that.

THE MIDAS TOUCH

(Without objection, Mr. DANNEMEYER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, according to Greek mythology Midas, the king of Phyrgia, was favored by the gods in granting him a wish. Rashly, king Midas wished that everything he touched should turn to solid gold. His golden touch made him the richest man on Earth, but he was starving to death for even his food turned to gold. And when his little daughter ran to him and hugged him, she too turned into a golden statue.

King Fahd of Saudi Arabia appears to be a latter-day king with the Midas touch: Everything he touches turns to black gold. Yet the king finds no solace in his new riches, as the price of crude oil is plunging to worthlessness. It looked like a cruel joke when Vice President BUSH visited the poor king asking him to rid himself of the Midas touch.

If Mr. BUSH really wanted to prevent the price of oil from going through the floor, he could do something constructive right here at home. He could advocate a stable dollar. That would go a long way toward helping not only Texas oilmen, but also Kansas farmers and California workmen. The stable dollar would stop the free fall of the price of wheat and tin as well. It would bail out American bankers, no less than American oilmen, not to mention foreign kings with the Midas touch.

□ 1210

FARMING THE TAX CODE

(Mr. PETRI asked and was given permission to address the House for 1 minute.)

Mr. PETRI. Mr. Speaker, Why do you suppose large numbers of doctors, lawyers, bank presidents, and others among the wealthiest people in our society have chosen to invest in farming? Are they interested in the honest hard physical labor which comes with producing America's agricultural bounty? Hardly.

Wealthy investors in corporate farms are more interested in farming the Tax Code than in farming the land.

They want to invest in farming in order to use paper losses from farming to lower their income tax bills while still building equity in the corporate farm operations in which they have invested.

It's all perfectly legal. Corporate farm tax shelters are embedded in our current Tax Code.

But the new tax reform bill currently working its way through Congress will change all that. Tax simplification promises to eliminate the tax shelters which are crowding out America's family farmers.

Tax simplification will be good for those farmers who stay in farming in order to earn a living, and because they are committed to the farming way of life.

Let's move forward with tax reform.

IMPEACH DISTRICT JUDGE CLAIBORNE

(Mr. SENSENBRENNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SENSENBRENNER. Mr. Speaker, over the weekend the U.S. Court of Appeals for the Ninth Circuit sitting en banc refused to stay the prison sentence of Federal Judge Harry E. Claiborne of Nevada. Judge Claiborne thus remains in prison drawing his full salary of $78,000 a year.

Mr. Speaker, the meter is ticking. Judge Claiborne is being paid by the taxpayers while being incarcerated. That is a nice deal and he should not be able to get it.

This House ought to impeach Judge Claiborne and send the matter to the Senate for trial, because everyday

Judge Claiborne sits in jail the taxpayers are fleeced another $215.

Let us get on with the impeachment of Judge Claiborne. The facts are not in dispute. He has asked for impeachment and trial and we ought to grant that request so we can get this felon off the bench.

LET US NOT SCUTTLE THE SHUTTLE

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, we can study the shuttle, we can improve the shuttle, we can embellish the shuttle, we can do all kinds of things, but we cannot scuttle the shuttle.

Space exploration is as much a part of the manifest destiny of the United States as was crossing the Mississippi westward when this country was becoming what it is today.

So let us take the Rogers Commission report and treat it as the latest volume in our manifest destiny. We should analyze it. We should worry about it. We should debate it. We should improve the space program and the capacity of NASA to execute the space program, but let us not scuttle the shuttle.

CONGRESS SHOULD ESTABLISH A WORKABLE MARKETING SYSTEM FOR SATELLITE TRANSMITTED TELEVISION

(Mr. CLINGER asked and was given permission to address the House for 1 minute.)

Mr. CLINGER. Mr. Speaker, anyone traveling through my district on a regular basis would be astounded at the steady increase in the number of backyard satellite dishes. On a long stretch of road where only 1 year ago there were one or two dishes, I now see a dish for almost every mile of roadway.

I have come to the conclusion that the dish owners of this country are a thriving constituency in and of themselves. This newly developed constituency has asked for our help. The sad part of this is that they feel that Congress is ignoring their problems, that we really don't care about them.

More than 6 months have gone by since some of the larger television broadcasters began scrambling the satellite signals that carry their programs. In rural areas where ordinary television broadcasts and cable are unavailable, scrambling satellite signals is a disturbing practice.

Much to their credit, the leadership of the Telecommunications Subcommittee (Mr. WIRTH and Mr. RINALDO) has explored this problem in a subcommittee hearing and will hold another next week.

However, there is a widespread feeling that Congress is just giving lip service to the dish owners, that we're really not going to do anything at all to help establish a workable marketing system for satellite transmitted television programming.

In conclusion, Mr. Speaker, I recommend that we address this problem expeditiously.

COMMUNICATION FROM THE HONORABLE BILL BONER, MEMBER OF CONGRESS

The SPEAKER pro tempore (Mr. GRAY of Illinois) laid before the House the following communication from the Honorable BILL BONER, a Member of Congress:

HOUSE OF REPRESENTATIVES,
Washington, DC, June 5, 1986.

Hon. THOMAS P. O'NEILL,
Speaker of the House of Representatives, Speaker's Rooms, The Capitol, Washington, DC.

DEAR MR. SPEAKER: This is to inform you, pursuant to Rule L(50) of the Rules of the House, that the following present and former employees on my staff have been served with subpoenas issued by the United States District Court for the Middle District of Tennessee: Doug Johnston, Richard Crawford, Jeffrey Eller and David Flanders. I will, in consultation with the General Counsel to the Clerk, make the determinations required by the House Rule and will promptly notify you of those determinations.

Sincerely,

BILL BONER,
Member of Congress.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on both motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken on Wednesday, June 11, 1986.

DISTRIBUTION OF JUDGMENT FUNDS FOR SAGINAW CHIPPEWA TRIBE, MICHIGAN

Mr. UDALL. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1106) to provide for the use and distribution of funds appropriated in satisfaction of judgments awarded to the Saginaw Chippewa Tribe of Michigan in dockets numbered 57, 59, and 13E of the Indian Claims Commission and docket numbered 13F of the U.S. Claims Court, and for other purposes, as amended.

The Clerk read as follows:

S. 1106

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; DEFINITIONS

SECTION 1. (a) This Act may be cited as the "Saginaw Chippewa Indian Tribe of Michigan Distribution of Judgment Funds Act".

(b) For purposes of this Act—

(1) The term "tribe" means the Saginaw Chippewa Indian Tribe of Michigan.

(2) The term "Tribal Council" means the Saginaw Chippewa Tribal Council.

(3) The term "Secretary" means the Secretary of the Interior.

ABROGATION OF PRIOR PLAN

SEC. 2. Notwithstanding Public Law 93-134 (25 U.S.C. 1401 et seq.) or any plan prepared or regulation promulgated by the Secretary pursuant to such law—

(1) the funds appropriated in satisfaction of judgments awarded the tribe in dockets numbered 59 and 13E of the Indian Claims Commission, and

(2) the balance of any undistributed funds appropriated in satisfaction of the judgments awarded the tribe in docket numbered 57 of the Indian Claims Commission and docket numbered 13F of the United States Claims Court,

and any interest or investment income accrued on the amount of such funds on or before the date of any transfer made pursuant to section 5 or 8 (less any attorneys' fees and court costs), shall be distributed and used in accordance with the provisions of this Act.

INVESTMENT FUND

SEC. 3. (a)(1) The tribe, through the Tribal Council, shall establish a trust fund for the benefit of the tribe which shall be known as the "Investment Fund". The principal of the Investment Fund shall consist of—

(A) the funds transferred by the Secretary to the Tribal Council pursuant to section 5(a),

(B) the amounts required to be included in principal under subsection (c) or section 8(c),

(C) such portion of the funds paid to the Tribal Council under section 8(a) as the Tribal Council may elect to add to the principal, and

(D) such other amounts of the income of the Investment Fund which the Tribal Council may elect to retain and add to the principal.

(2) The Tribal Council shall be the trustee of the Investment Fund and shall administer the Investment Fund in accordance with the provisions of this Act.

(b)(1) The principal of the Investment Fund shall be used exclusively for investments or expenditures which the Tribal Council determines—

(A) are reasonably related to—

(i) economic development beneficial to the tribe, (or)

(ii) the development of tribal resources, or

(B) are otherwise financially beneficial to the tribe.

(2) Under no circumstances shall any part of the principal of the Investment Fund be distributed in the form of per capita payments to the members of the tribe or used or expended for purposes other than investment or economic development projects and programs.

(3) None of the income of the Investment Fund may be distributed or expended before the date that is 18 months after the date on which the amendments to the constitution of the tribe referred to in section 4(a) are adopted and ratified by the qualified voting

members of the tribe (within the meaning of such constitution).

(c) at least 10 percent of the income earned on the Investment Fund during each of the first ten fiscal years of the Investment Fund beginning after such Investment Fund is established shall be retained in the Investment Fund and become part of the principal of the Investment Fund.

(d)(1) The Investment Fund shall be maintained as a separate book account.

(2) The books and records of the Investment Fund shall be audited at least once during each fiscal year of the Investment Fund (or before the end of the 3-month period beginning on the last day of such fiscal year) by an independent certified public accounting firm which shall prepare a report on the results of such audit. Such report shall be treated as a public document of the tribe and a copy of the report shall be available for inspection by an enrolled member of the tribe.

(e)(1) From the funds described in section 2 and transferred to the Tribal Council pursuant to section 5 (a), the sum of $1,000,000 shall be set aside within 90 days of receipt of such funds by the Tribal Council for the express purposes of establishing a separate Elderly Assistance Investment Fund.

(2) Income generated by the Elderly Assistance Investment Fund shall be distributed on a per capita basis to each enrolled Tribal member who is 50 years of age or older on the date that is 18 months after the date on which the amendments to the constitution of the tribe referred to in section 4.(a) are adopted and ratified by the qualified voting members of the tribe.

(3) Tribal members entitled to participate in the distribution of such income shall submit verifiable documentation as to their age to the Tribal Council no later than the date that is 3 months after the date established pursuant to paragraph (2) of this subsection. The Tribal Council shall prepare and certify a list of all Tribal members entitled to participate in the distribution of income from the Elderly Assistance Investment Fund within 30 days following the above date.

(4) Distribution of the income from the Elderly Assistance Investment Fund shall be made pursuant to the following terms and conditions:

(A) No Tribal member certified to participate shall receive more than the aggregate sum of $3,000 from the income generated by the Elderly Assistance Investment Fund.

(B) Payments shall be made to each Tribal member certified to participate on an equal pro-rata basis from the available income generated by the Elderly Assistance Investment Fund.

(C) The initial per capita distribution shall be made no sooner than the date that is 30 days after the date that the Tribal Council certifies the list of eligible Tribal members pursuant to paragraph (3) nor no later than 120 days following such date.

(E) If succeeding per capita distributions are necessary to bring the aggregate payment to each Tribal member certified to participate to the sum of $3,000, such distribution shall be made on or before the anniversary date of the initial per capital distribution.

(F) If any Tribal member certified to participate should die before receiving the initial or any succeeding per capita distribution, the payment which would have been paid to that individual shall be returned to the Elderly Assistance Investment Fund for distribution in accordance with this subsection.

(5) When all Tribal members certified to participate in the per capita distribution have been paid the aggregate sum of $3,000, the principal sum of $1,000,000 together with any remaining interest of the Elderly Assistance Investment Fund shall revert back and become part of the Investment Fund established pursuant to subsection (a)(1), Provided, that, nothing in this subsection shall be construed to prevent the Tribal Council from establishing an Elderly Assistance Investment Fund or Program providing for per capita distributions or other programs for elderly Tribal members from the income of the Investment Fund and subject to such terms, conditions and eligibility criteria as the Tribal Council may provide.

(6)(A) The Elderly Assistance Investment Fund shall be governed and subject to the same conditions as provided for in subsections (b) and (d) but not the provisions of subsection (c) of this section.

(B) Any Elderly Assistance Investment Fund or Program which may be subsequently established by the Tribal Council shall be subject to the terms of this Act except that subsection (e) of this section shall not be applicable to such Fund or Program.

TRIBAL CONSTITUTION

SEC. 4. (a) Notwithstanding any other provision of law, the Tribal Council may call a tribal election and, pursuant to such election, the tribe may adopt (without the approval of the Secretary) any amendments to the constitution of the tribe which were approved by the Tribal Council on April 15, 1985, in resolution L and O-03-85.

(b) Any amendments to the constitution of the tribe other than the amendments referred to in subsection (a) may only be adopted in accordance with the provisions of such constitution and applicable Federal law and may not be adopted before the date that is 18 months after the date on which the amendments referred to in subsection (a) are adopted and ratified by the qualified voting members of the tribe.

(c) The adoption of any amendment referred to in subsection (a) to the constitution of the tribe shall take effect when such amendment is ratified by the qualified voting members of the tribe (within the meaning of such constitution).

(d) The tribe shall submit to the Secretary a copy of any amendment to the constitution of the tribe referred to in subsection (a) within 10 days after the date on which such amendment is ratified by the qualified voting members of the tribe (within the meaning of such constitution).

TRANSFER OF FUNDS BY THE SECRETARY

SEC. 5. (a) The Secretary shall transfer the funds described in section 2 (which have not previously been transferred to the Tribal Council under section 8(a) to the Tribal Council by no later than the date that is 60 days after the date on which the Secretary receives written notice of the adoption by the Tribal Council (in accordance with the constitution and bylaws of the tribe) of a resolution requesting the Secretary to make the transfer under this subsection if the amendments to the constitution of the tribe referred to in section 4(a) are adopted and ratified by the qualified voting members of the tribe (within the meaning of such constitution).

(b)(1) Nothwithstanding any other provision of law, the approval of the Secretary for any payment or distribution from the principal or income of the Investment Fund, after the transfer of funds pursuant to subsection (a), shall not be required and the Secretary shall have no trust responsibility for the investment, supervision, administration, or expenditure of the principal or income of the Investment Fund.

(2) The Secretary may take such action as the Secretary may determine to be necessary and appropriate to enforce the requirements of this Act. After notice and hearing, the Secretary may take such action as the Secretary may determine to be necessary and appropriate to assume administration of the Investment Fund if it is determined that the Tribal Council has materially failed to administer the Investment Fund in accordance with the requirements of this Act. The Secretary shall provide whatever assistance may be necessary to the Tribal Council to correct any such deficiencies prior to any proposed Secretarial assumption of the administration of the Investment Fund and immediately thereafter, if necessary. The Secretary's assumption of the administration of the Investment Fund shall not exceed a period of 6 months.

TREATMENT OF AMOUNTS PAID OR DISTRIBUTED FROM THE INVESTMENT FUND

SEC. 6. (a) No amount of any payment or distribution—

(1) from the principal or income of the Investment Fund, or

(2) of any funds transferred to the Tribal Council under section 8(a)

to any payee or distributee who is an enrolled member of the tribe shall be included in the gross income of the payee or distributee for purposes of any Federal, State, or local income tax.

(b) Any payments or distributions described in subsection (a), and the availability of any amount for such payments or distributions, shall not be considered as income or resources or otherwise used as the basis for denying or reducing—

(1) any financial assistance or other benefit under the Social Security Act—

(A) to which any enrolled member of the tribe, or the household of any such member, is otherwise entitled, or

(B) for which such member or household is otherwise eligible, or

(2) any other—

(A) Federal financial assistance,

(B) Federal benefit, or

(C) benefit under any program funded in whole or in part by the Federal Government,

to which such member or household is otherwise entitled or for which such member or household is otherwise eligible.

WAIVERS OF SOVEREIGN IMMUNITY

SEC. 7. Notwithstanding any other provision of law, the tribe may execute limited waivers of the sovereign immunity of the tribe and consent to the civil jurisdiction of the courts of the State of Michigan with regard to the use as security for indebtedness of—

(1) any amount of income of the Investment Fund which is not retained and added to the principal of the Investment Fund pursuant to subsection (a)(1)(D) or (c) of section 3,

(2) a portion of the principal of the Investment Fund equal to the total amount, if any, of the funds transferred to the Tribal Council under section 8(a) that are added to the principal of the Investment Fund,

(3) any funds transferred to the Tribal Council under section 8(a) that are not added to the principal of the Investment

Fund and any interest or investment income accrued on such funds, or

(4) any asset acquired by use of the income described in paragraph (1), or of the funds described in paragraph (3), which is not held in trust by the Secretary for the benefit of the tribe,

if such waivers of sovereign immunity do not exceed individually or collectively the total amount or value of such security and such waivers specifically identify and limit the parties who have been granted the authority to bring an action against the tribe pursuant to such waiver.

OPTIONAL USE OF DOCKET 57 FUNDS

SEC. 8. (a) The Secretary shall transfer to the Tribal Council all or any portion of the undistributed funds appropriated in satisfaction of the judgment awarded the tribe in docket 57 of the Indian Claims Commission (including all interest and investment income accrued on such funds) which the tribe requests the Secretary to transfer under this subsection. Such transfer shall be made by no later than the date that is 60 days after the date on which the Secretary receives written notice of the adoption of a resolution by the Tribal Council (in accordance with the Constitution and bylaws of the tribe) requesting a transfer of funds under this subsection.

(b) Any funds transferred to the Tribal Council under subsection (a) shall be subject to the same accounting and auditing requirements applicable to the Investment Fund under section 3(d).

(c) At leat 10 percent of the interest or investment income, if any, that accrues during each year of the 10-year period beginning on the date any transfer is made under subsection (a) on any funds held by, or on behalf of, the tribe which were transferred to the Tribal Council under subsection (a) shall be transferred to the Investment Fund and become part of the principal of the Investment Fund.

NONDISCRIMINATION

SEC. 9. (a) Any distribution or expenditure or the income of the Investment Fund, and any program or activity funded, in whole or in part, by the principal or income of the Investment Fund, shall not discriminate against—

(1) individuals who become members of the tribe after the date on which the amendments to the constitution of the tribe referred to in section 4(a) are adopted and ratified by the qualified voting members of the tribe (within the meaning of such constitution), or

(2) members of the tribe who do not reside on the reservation of the tribe.

(b) Any—

(1) expenditure for any improvement on the reservation of the tribe that can be enjoyed by all members of the tribe, or

(2) program or activity conducted only on the reservation of the tribe in which any member of the tribe can participate shall not be construed to be discriminatory for purposes of subsection (a) merely because the benefits of such improvement, program, or activity are more readiy available to members of the tribe who reside on the reservation of the tribe.

The SPEAKER pro tempore. Is a second demanded?

Mr. CRAIG. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Arizona [Mr. UDALL] will be recognized for 20 minutes and the gentleman from Idaho [Mr. CRAIG] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Arizona [Mr. UDALL].

Mr. UDALL. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, S. 1106 is a bill to provide for the use and distribution of funds awarded to the Saginaw Chippewa Indian Tribe by the Court of Claims and the Indian Claims Commission. The award is for additional compensation for lands ceded by the Chippewas to the United States in the early 1800's.

Interest has been accumulating since the funds were first awarded and the funds now total in excess of $7 million. Under the bill, the funds would be transferred to the tribe in a special investment fund and an elderly assistance fund. Income generated from such funds will be used for economic development and for assistance to tribal members who are 50 years old and over. The bill provides only for the use and distribution of the funds awarded to the tribe and does not contain any new authorization of funds since funds to satisfy the award have already been appropriated.

Although the bill as reported by the committee was supported by the tribe and the administration, there were some concerns voiced by some including my colleague, BOB TRAXLER. In an attempt to meet these concerns, an amendment which was drafted under the leadership of my colleague DALE KILDEE has been incorporated in the bill. I want to thank Congressman KILDEE for his leadership and initiative in crafting this compromise. The amendment would set aside $1 million for the creation of an elderly assistance fund. Income from such a fund would be used to provide assistance to tribal members who are 50 years or older.

I want to emphasize that under the bill, the income from the elderly assistance fund as well as all other benefits generated by the tribal investment fund will be made available to the tribal members in a nondiscriminatory fashion and that no discrimination between the on-reservation and the off-reservation members is allowed.

Mr. Speaker, I believe this amendment improves this bill and I urge my colleagues to vote for the bill as amended.

Mr. CRAIG. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 1106, a bill to provide for the use and distribution of funds awarded to the Saginaw, Swan Creek, and Black River Bands of the Chippewa Indians by the Indian Claims Commission in dockets No. 59 and 13E. These funds now total more than $7 million. S. 1106 would, except for the elderly assistance program, restrict these funds to tribal investment programs.

The tribe and the Michigan congressional delegation, particularly Representative BILL SCHUETTE, are to be commended. The final language of S. 1106 is a compromise which encompasses the concept of tribal awards, but allows for small distributions to assist the elderly members of the tribe. Too many times in the past Congress has approved plans to distribute judgment funds on a per capita basis, leaving the tribe with nothing to assist it in improving the status of the tribe. The claims before the Indian Claims Commission and now the U.S. Claims Court are tribal claims and I believe should, if possible, be used for tribal purposes.

Mr. Speaker, the administration now supports this legislation, and I urge my colleagues to accept this version of S. 1106.

Mr. UDALL. Mr. Speaker, I yield 7 minutes to the gentleman from Michigan [Mr. TRAXLER].

Mr. TRAXLER. Mr. Speaker, I most especially want to take this opportunity to extend my appreciation to the distinguished chairman and Member from Arizona, Mr. UDALL, for his long time and continuing concern for the fate and welfare of the American Indian.

Previously when my distinguished colleague would bring a bill to the floor, it would always have my enthusiastic and 100-percent support. His commitment to the well-being and welfare of the American Indian is well appreciated by every Member of this House and I am sure by Americans across this land. His dedication cannot in the least be challenged.

I do with considerable and great regret announce today that I cannot support the product that is before us and it is my intention to vote no.

I would say to the committee, to the distinguished minority ranking member and to the chairman, that I appreciate the accommodation that has been made within the bill toward the nonreservation Indians. I recognize that this was a concession on the gentleman's part and one for which I am grateful.

I regret that as this compromise went forward, my information was somewhat flawed and the communica-

tion that I received did not fully explain that payments to the nonreservation Indians would be made out of the interest off $1 million that will be earned over a period of time. Unfortunately, it would be paid to those 50 years of age and older, to all Indians that will be on the rolls who are 50 years of age or older.

Regretfully, the information I had did not state that it would simply be payment made out of interest, that the $3,000 per capita for those 50 years of age and older would come off the interest from the million dollars and not from the payment for the lands.

I appreciate the efforts that the committee has made in moving in this direction. I am grateful for that; however, I must say that the effort falls a bit short of what I was hopeful for and what I understood to be the compromise. That failure to comprehend I would not in any way suggest rests with the chairman or with the ranking minority member or indeed with the staff. It simply was a matter of improper communication on the part of myself and some others, not including the staff or the committee chairman.

I think to put this in its proper perspective, my sense of commitment here to those nonreservation Indians, the history of the Chippewas is lengthy and it would not be appropriate at this point to go into that history. Suffice it to say that many of the Chippewas who reside on the Kawkawlin River have been friends of my family over 100 years and the good feeling that has existed between those Indians and the people living in the Kawkawlin area is incalculable to describe, impossible to describe.

While there has been some effort to assure that the Indians who are nonreservation will be treated as fairly and as coequals to the reservation Indians, I regret to advise that there is a sense on the part of the off-reservation Indians that that fairness indeed will not occur.

So there is some objection to the establishment of the trust fund and concern as to the equality of it.

I am going to close by telling you that I received a letter from a distinguished full-blooded Chippewa who lives off the reservation. I would like to read it to you. I think that he puts as only a Chippewa could the sense and the feelings of the nonreservations toward this proposal.

He begins by saying:

DEAR SIR: My name is John Nahgongwan and I am a full blooded Chippewa and chief of the Kings-Corner Settlement north of Oscoda and south of Mikado.

I write with deep concern that me and my people and all off-reservation Indians are going to again be cheated out of our money due us for the land long ago stolen.

It seems as but another white man's act—divide and conquer—get Indians squabbling and fighting, then hit them hard. There is bitterness in my heart and I cannot help it even though I am a Christian.

It is extremely unfair to not give every Indian his money! Our elders cry out from their graves that it is the only honorable and just thing to do—give every Indian his or her money, not just a select few that are organized and have loud tongues to catch the ear of white officials.

Please, please help us. Please let's get all of this business behind us. In the old culture villages when a deer was dragged in it was shared equally. It was the Indian way. It still is the Indian way.

Mr. Traxler, sir, will you please make copies of this letter and send it to each of the others, all other white men doing this Indian business.

I will be watching every day for your answer to my letter.

Yours with much respect,

JOHN NAHGONGWAN,
Chief.

□ 1225

Mr. Speaker, I appreciate the committee's concern and know the reasoning behind their concern, and it is not mine to say that philosophically the position of the committee is incorrect. I would not challenge the committee's right to hold strongly to the beliefs of establishing a trust fund and to utilize the moneys from that for the benefit of the Indians.

My concern with that is in this regard: that many of the off-reservation Indians would have to travel great distances to avail themselves of the fund, of the trust, and of the programs that would be made available, and as a concern that as a practicality they may not be able to benefit from this.

The committee in its amendment has rectified some of these concerns, and for that I must say to the committee I am deeply grateful and most appreciative. I would like to have seen things go perhaps a bit further. I would like to have seen the moneys to be paid to those 50 years of age and older be paid right up front in a lump sum to each of them upon the rolls being immediately established and those persons being quickly identified. Time is not on the side of the Indian who is 50 years of age and older, nor will the interest be accumulating as quickly as I would like to see it. Many of them, unfortunately, will die before they can receive that payment.

The SPEAKER pro tempore. The time of the gentleman from Michigan [Mr. TRAXLER] has expired.

Mr. TRAXLER. Would the gentleman extend me the courtesy for 2 additional minutes, please?

Mr. UDALL. I do not have any time. Does the gentleman from Idaho have any time he can give the gentleman?

Mr. CRAIG. Mr. Speaker, I yield 2 additional minutes to the gentleman from Michigan [Mr. TRAXLER].

Mr. TRAXLER. I thank the gentleman for yielding this additional time to me, and I intend to conclude in that period.

Mr. Speaker, it is for those reasons that I must regretfully vote "no" on the bill. I think the committee has come some distance from their original position.

The Chippewas perhaps are in a sense unique in that many of them do not reside on the reservation; indeed, most of them do not. They present for the committee, I think, a little different situation from what we are historically accustomed to dealing with. But again, I am not a member of the committee. I do understand the committee's motives. They are honorable, but I must respectfully disagree with them.

Mr. Speaker, I yield back the balance of my time and extend my deep appreciation to the chairman, to the ranking minority member, for the courtesy they have extended to me over these months as these negotiations have taken place.

Mr. CRAIG. Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Michigan [Mr. SCHUETTE], who has played a critical and important role in striking the compromise that is represented in this legislation.

Mr. SCHUETTE. I thank the gentleman for yielding time to me.

Mr. Speaker, as the original sponsor of H.R. 2983, which is the companion bill to S. 1106, the measure we are debating today, I would be remiss if I did not extend my thanks and congratulations to Chairman UDALL for his leadership in the past and certainly in this legislation today, as well as the gentleman from Alaska [Mr. YOUNG] and all the members of the Committee on Interior and Insular Affairs for acting in a swift and speedy fashion on the Saginaw-Chippewa Tribe of Michigan Distribution of Judgment Funds Act.

This legislation creates a trust fund, an investment fund of approximately $10 million awarded the Saginaw, Swan Creek, and Black River Tribes of the Chippewa Indians by the Indian Claims Commission based on treaties executed in 1805, 1807, 1817, and 1819.

The Saginaw-Chippewa Tribe today is located on a reservation in Mount Pleasant MI, in Isabella County in the 10th Congressional District of Michigan. In the past, legislation had offered per capita distribution to descendants, and I think that is an important goal and important legislation, but this new legislation today has a novel, a new, an innovative concept of an investment fund where the principal amount remains intact and the income generated by the investment fund of some $10 million would be utilized to improve the quality of life of the tribe, would be utilized to boost the infrastructure on the reservation and promote economic development and investment of tribal resources.

That is the intent and that is the thrust.

This trust fund provides a steady source of income directed to 10 priorities, and these are important, including health care, elderly assistance, business development and investment, education for young men and women, legal services and juvenile programs, and in an effort to try to accommodate and to be fair and to hear all sides, in an effort to protect the descendants who may not live on the reservation, the tribal council amended the constitution to all of those who have at least 25 percent blood quantum and all would benefit from every economic and social program, regardless of where they may reside. That is important. That protects the descendants.

Some key provisions and thrust of the bill I would like to briefly offer.

First, section 3 creates the investment fund, prohibits the per capita distribution, and has principal residing in a trust fund, income generated from that, to promote growth on the reservation and health care services for Indian members wherever they may reside. The Senate, in an effort to further protect the descendants, had an amendment that the constitution must be amended, and 18 months after that period of time no income can be generated or utilized. Again, this is an effort to protect the descendants.

Third, another key factor on section 3 is a $1 million trust fund for elderly assistance. That is a goal that I think is important. My colleague, the gentleman from Michigan [Mr. TRAXLER] and I rarely disagree. This is one instance where we have a difference of opinion coming from honorable goals, I may add, providing for those Indian members 50 years or older who would receive a one-time $3,000 payment from the income generated from the trust fund. So we are trying to have a compromise and be fair to all members. Again, I think that is an effort to try to strike a reasonable compromise to this difficult situation.

Once the $3,000 one-time payment is made from the income, then these moneys would come back into the investment fund, again to provide further infrastructure building on the reservation.

Section 4 concerns the tribal constitution. The House Committee on Interior and Insular Affairs amended this section to prohibit the adoption of any amendments until 18 months after the adoption of the membership amendments. Descendants feared that once membership was opened to those with 25 percent Saginaw-Chippewa blood quantum, the constitution could be amended once more to disenfranchise these new members. This will not happen. With this provision, the descendants' rights and the descendants' privileges are fully protected.

Section 5 deals with the Secretary of the Interior and the authority to administer the trust fund is given to the tribe without the supervision of the Secretary of the Interior. Ordinarily, each expenditure must receive the Secretary's approval. This bureaucratic procedure effectively ties the hands of the tribe. My bill eliminates this requirement except in one instance.

The Committee on Interior and Insular Affairs included a provision that after notice and hearing, the Secretary of the Interior could indeed administer the trust fund up to 6 months if the tribal council has materially failed to administer the fund. Again, this is a safeguard and appropriate discretion in the Secretary.

Section 9 includes an antidiscrimination clause, again to protect the descendants, which requires that any and all expenditures—underline that—any and all expenditures must benefit all members, those located on and those located off the reservation.

□ 1235

Mr. TRAXLER. Mr. Speaker, will the gentleman yield on that point?

Mr. SCHUETTE. I am happy to yield to the distinguished gentleman from Michigan.

Mr. TRAXLER. Mr. Speaker, as I understand the gentleman, then, it would be the gentleman's intent, and I am sure the intent of the framers of the legislation, that there be, as you say, no discrimination as between those Indians who are the tribal, living on the reservation, and those descendants who are not on the reservation, as to those benefits which would be provided out of the trust fund or out of the trust fund income. Is that a correct statement?

Mr. SCHUETTE. That is correct; the gentleman from Michigan [Mr. TRAXLER] is correct.

Mr. UDALL. Mr. Speaker, let me, for the purpose of the record, say that I join in the response that that is correct.

Mr. TRAXLER. Mr. Speaker, if I may just for a moment continue, and I am pleased the chairman has responded here, then would it be fair to say that while we cannot exactly see the nature of the programs that would be established, for instance, if there are health programs, then it is fair to say, then, that the descendants, nonreservation, would have equal access to those health programs? If it is a job-training program, they would have equal access, even though those programs are offered on the reservation?

Everything that the tribal Indian would be entitled to under the trust funds, then we can safely say that the off-reservation, the descendant Indian, would also be eligible for. Is that the intention of the committee, I might ask?

Mr. SCHUETTE. The gentleman from Michigan [Mr. TRAXLER] is correct. That is the thrust, the intent, the safeguards and, from the standpoint of no income or service will be generated until 18 months, so we do have the ability for those to join the tribe no matter where one may reside.

Mr. UDALL. Mr. Speaker, I concur in that interpretation.

Mr. TRAXLER. Mr. Speaker, I thank the distinguished chairman and the gentleman from Michigan, my good colleague.

Mr. SCHUETTE. Mr. Speaker, I thank the gentleman from Michigan [Mr. TRAXLER] and the chairman, the gentleman from Arizona [Mr. UDALL].

Section 9, as I was stating, is an antidiscrimination clause so that any program will benefit all of the members. Again, that is fairness and that is a fair compromise.

Let me say one final thing. I wish to thank the Members of the Michigan delegation, specifically the gentleman from Michigan, Mr. PURSELL; the gentleman from Michigan, Mr. CONYERS; the gentleman from Michigan, Mr. VANDER JAGT; the gentleman from Michigan, Mr. BONIOR; the gentleman from Michigan, Mr. SILJANDER; the gentleman from Michigan, Mr. CROCKETT; the gentleman from Michigan, Mr. DAVIS; the gentleman from Michigan, Mr. WOLPE; the gentleman from Michigan, Mr. BROOMFIELD; and the gentleman from Michigan, Mr. LEVIN, who have cosponsored my bill, plus the Michigan representatives in the other body who were able to pass Senate bill 1106 on July 31, 1985.

The Assistant Secretary for Indian Affairs, Mr. Ross Swimmer, has lent his vital support, as has the administration and the Department of the Interior.

I urge my colleagues to support the Saginaw Chippewa judgment fund distribution legislation. It is a fair compromise. It is innovative. It is a novel approach and we will help the infrastructure, we will promote growth and development and we will offer a better quality of life to those descendants and those members of the Saginaw Chippewa Tribe who are living on the reservation.

I urge my colleagues to vote for this in a speedy and swift fashion so we continue to move on.

Mr. DICKS. Mr. Speaker, will the gentleman from Arizona [Mr. UDALL] yield to me for 1 minute to speak out of order?

Mr. UDALL. I yield 1 minute to the gentleman from Washington.

(By unanimous consent, Mr. DICKS was allowed to speak out of order, to revise and extend his remarks and to include extraneous materials.)

RETAIN SALT CEILINGS

Mr. DICKS. Mr. Speaker, we stand at a crossroads in regard to the nucle-

ar arms race. We can throw out what progress we have made in controlling nuclear weapons over the last 15 years, as the administration would have us do, or we can retain limits on such weapons while we strive in Geneva to achieve deep reductions.

The gentleman from Florida [Mr. FASCELL] has introduced a nonbinding resolution calling on the President to adhere to the numerical limits of the SALT agreements as long as the Soviet Union does likewise, which I am proud to cosponsor. I hope that the President will recognize the support in the Congress for this position, and the concerns of our allies, and announce his willingness to follow this policy.

But given the announcement of May 27, and subsequent statements from administration officials such as Mr. Weinberger and Mr. Perle, I have to doubt that any change will be forthcoming. In such an event, I believe the Congress must be ready, and willing, to act to uphold not only the existing arms control structure, but our own national security interests.

An extremely interesting analysis was included in the June 8 edition of the Washington Post examining past United States and Soviet strategic weapons production and probable future direction in the absence of SALT ceilings. I urge my colleagues to review this information to understand why I and many others are fighting to retain numerical limits on national security grounds.

Already, 121 of my colleagues have joined in sponsoring H.R. 4919, to retain the numerical limits of SALT unless specifically waived by congressional action. I believe that if there is to be any hope for persuading the President to voluntarily adhere to these ceilings, it will require a demonstration that we are willing to act on our own if given no other choice. Cosponsorship of H.R. 4919 will do just that.

[From the Washington Post, June 8, 1986]

WITHOUT SALT, THE RACE IS ON—AND THE SOVIET UNION LOOKS LIKE THE WINNER, GOING AWAY

(By David Ignatius)

Who will fare best in a world without the constraints of the SALT II treaty? Will the United States be able to build weapons more quickly and efficiently than the Soviet Union? Or will we be running free in an arms race that we may lose?

President Reagan apparently is convinced that America can win this race and achieve greater security without SALT and its limits. Thus his surprise announcement two weeks ago that the U.S. will no longer feel bound by the "standards contained in the SALT structure" and will instead respond to the "threat posed by Soviet strategic forces."

A gloomier view of our prospects in the arms race emerges from statistics gathered by the Central Intelligence Agency and the Defense Intelligence Agency. This data, summarized in the accompanying tables, shows that with a roughly equal military budget, the Soviets have been able to produce much more military hardware than the United States.

Moscow, in other words, is likely to get more bang for the buck in the arms race that many analysts predict will follow abandonment of SALT II.

This military analysis of life after SALT offers an alternative to the moralizing, pro and con, that tends to dominate the arms-control debate. And it helps answer the one question of overriding importance in the SALT debate. Will the United States be more secure with the treaty, or without it?

Consider the CIA and DIA data, which was presented three months ago in testimony to the Joint Economic Committee. The statistics show that with slightly greater defense spending from 1974 to 1985 the Soviets were able to produce a vastly larger volume of weapons.

The adjourning table marked "Output" documents this startling gap between U.S. and Soviet arms production. From 1974 to 1985, the Soviets produced more than three times as many strategic missiles; nearly 10 times as many surface-to-air missiles; 50 times as many bombers; nearly twice as many fighters; more than three times as many helicopters; more than twice as many submarines; three times as many tanks, and 10 times as many artillery pieces.

There are many reasons for this disparity: Pentagon mismanagement, congressional meddling, the military's enthusiasm for "gold-plated" state-of-the art weapons that can only be purchased in small quantities, and the Soviet push during the 1970s to match U.S. force levels.

But the reasons for the gap matter less than the fact that it exists—and may get worse in a post-SALT era. That's because the superpower tensions that drive Soviet weapons spending may lead a skittish U.S. Congress to cut our defense budget in an effort to slow the arms race. There are already signs that President Reagan's decision to abandon SALT may have precisely that effect. Indeed, only days after his announcement that the U.S. wouldn't feel bound any longer by SALT limits, Reagan was appealing to Congress not to cut spending for the nation's nuclear forces.

OUTPUT—U.S. & SOVIET PROCUREMENT OF MAJOR WEAPONS SYSTEMS, 1974–85 [1]

System	U.S.	U.S.S.R.
ICBM's & SLBM's	1,050	3,500
Surface-to-Air missiles [2]	11,700	105,000
Long & Intermediate range bombers	8	400
Fighters	4,050	7,800
Helicopters	2,050	6,500
Submarines	44	110
Major surface combatants	98	90
Tanks	8,400	27,000
Field artillery	2,200	22,000

[1] These numbers represent gross additions to weapons inventories and do not reflect retirements because of obsolescence or SALT restraints.
[2] Does not include naval or portable SAMs.

THE FUTURE—SOVIET PROCUREMENT OF SELECTED WEAPON CLASSES

Weapon class	Estimated 1981–85	Possible 1986–90
ICBM's & SLBM's	800	[1] 700
Submarines	40	50
Tanks	12,500	18,000
Fighter Aircraft	2,400	[1] 2,000
Helicopters	2,500	[1] 2,100
Strategic Bombers	200	210

[1] Although projections suggest lower overall numbers in these categories, the missiles fighters, and helicopters the Soviets will procure during 1986–90 are more complex, capable, and costly than those purchased during 1981–85

Source. CIA & DIA.

The CIA and DIA data make clear that the Soviets are well-positioned for the new arms race. "Most Soviet weapons expected to be delivered to the Soviet forces through 1990 will be manufactured in plants already built and operating," the agencies said in their congressional testimony.

The future imbalance in U.S. and Soviet military procurement is suggested by the accompanying table labelled "The Future," which was prepared by the CIA and DIA before the administration announced its decision to abandon the SALT limits. The table projected that over the next five years, the Soviets would outproduce their already high procurement levels of the past five years in submarines, tanks and strategic bombers. They would produce only slightly fewer strategic missiles, fighters and helicopters, the intelligence agencies noted.

The picture becomes even gloomier when you assumed that both sides have abandoned SALT entirely. A report prepared last March by Rep. Les Aspin (D-Wis.), chairman of the House Armed Services Committee, does just that.

Intelligence data cited by Aspin show that, in his words, "the Soviets have two, inherent advantages that would allow them to spurt forward with force increases faster than we if SALT were undercut."

These Soviet advantages include greater "throw-weight" for their missiles, which would allow them to carry more warheads with their existing arsenal of rockets, and "hot production lines" for strategic weapons. The Soviets, for example, are already producing eight major new strategic systems—two new ICBMs, two new strategic bombers, two new missile-carrying submarines and two new missiles for these subs. The U.S., in contrast, has only three such "hot production lines."

Aspin estimates that because of the production-line disparity alone, Soviet strategic forces could grow by 65 percent by 1989, compared to only 45 percent growth for the U.S., if SALT is scuttled.

The post-SALT danger to the U.S. won't come just from the new weapons the Soviets can build, but from the older ones they don't have to retire. Aspin notes that continued observance of the SALT treaty would force the Soviets to retire more than twice as many missile launchers as the U.S.

Military comparisons like these help explain why the Joint Chiefs of Staff, until recently, were skeptical—on military grounds—about the wisdom of abandoning the SALT II restraints.

The danger for the Reagan administration is that in abandoning SALT II, it could get the worst of all possible outcomes. The administration's announcement could frighten the Congress into cutting U.S. strategic programs; and it could frighten the Kremlin into stepping up Soviet arms spending. In such a world, even the Reaganites might pine for the good old days of SALT.

Mr. UDALL. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Mr. Speaker, I thank the chairman for yielding to me and I would also like to thank Chairman UDALL for the time and effort he has spent in moving this legislation through the Interior Committee. His

fair and firm leadership, and his patience, has helped us fashion a compromise that may not completely satisfy everyone, but does hopefully provide the most just solution possible where unanimity cannot be achieved.

Mr. Speaker, I rise in support of S. 1106. The Saginaw Chippewa people have waited a long time for these judgment funds, and I am pleased that their dreams are finally being fulfilled. We owe the native Americans much more than mere financial compensation. These funds can only be considered partial payment for the pain and suffering these proud people have endured.

The House amendments to S. 1106 benefit Saginaw Chippewa Indians who live both on and off the tribal reservation. The bill requires the tribe to expand its membership to include descendants of at least one-quarter Saginaw Chippewa blood who live off the reservation. The bill also establishes an investment fund to promote development for all members, both on and off the reservation.

I am very pleased that the bill as amended will provide direct and immediate assistance to the older members of the tribe. On May 24 I held a meeting with several leaders of the descendants in my Flint office. Foremost among their concerns was their feeling that the tribal elders should receive some immediate compensation for their patience over the long years of waiting for this measure of justice.

The bill as amended addresses this concern by establishing an elderly assistance program; $1 million of the judgment funds will be set aside for this program. The interest and income generated from this $1 million will be distributed on a per capita basis to each tribal member over 50 years of age until the per capita share of each tribal elder totals $3,000. The $1 million will then revert back to the general investment fund for other uses.

Mr. Speaker, I would like to take this opportunity to thank my good friend from Michigan, BOB TRAXLER. His strong tenacity in seeking a greater degree of justice for those descendants living off the tribal reservation whom he regards so highly and knows so well has greatly improved this bill from its original form. His personal feelings have greatly influenced the Interior Committee's consideration of this matter and without his perseverance this bill would not be nearly as equitable as it currently is.

Mr. TRAXLER. Mr. Speaker, will the gentleman yield?

Mr. KILDEE. I am glad to yield to the gentleman from Michigan.

Mr. TRAXLER. Mr. Speaker, I am grateful to my distinguished colleague from Flint, Mr. KILDEE, for his kind words. It would only be appropriate for me to reciprocate and tell the gentleman how much I appreciate his being, in a sense, my spokesman on the committee and in a way, carrying the good efforts on the part of the descendants' cause.

I regret that for the reasons I stated earlier in the debate, I cannot support this end product. I am appreciative of the consideration extended to my views through the gentleman from Michigan [Mr. KILDEE] and by the chairman and ranking member. Again, I regret that I must personally vote no on this matter.

Mr. KILDEE. Mr. Speaker, I certainly recognize the strong and very deep feelings on this and again reiterate that without that concern and tenacity, this bill would not be as good a bill as it is.

Mr. Speaker, the legislation we pass in this Congress is not written on Mount Sinai; it's written here by reasonable but fallible people working together to find reasonable solutions to sometimes difficult problems. S. 1106 is not a perfect bill but it is a reasonable and realistic bill that will bring a measure of justice for all those involved. I strongly urge my colleagues to approve this legislation.

□ 1245

Mr. CRAIG. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. UDALL. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona [Mr. UDALL] that the House suspend the rules and pass the Senate bill, S. 1106, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

ESTABLISHMENT OF NATIONAL CEMETERY IN OR NEAR CLEVELAND, OH

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4345) to authorize the Administrator of Veterans' Affairs to establish a national cemetery in or near Cleveland, OH.

The Clerk read as follows:

H.R. 4345

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY TO ESTABLISH NATIONAL CEMETERY.

(a) AUTHORITY.—The Administrator of Veterans' Affairs is authorized to establish a national cemetery in or near Cleveland, Ohio.

(b) LAND ACQUISITION.—The Administrator may acquire land necessary for the cemetery authorized by subsection (a) by donation, purchase, condemnation, exchange of lands in the United States public domain, or otherwise.

(c) ADMINISTRATION.—A national cemetery established under this section shall become part of the National Cemetery System and shall be administered under chapter 24 of title 38, United States Code.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Mississippi [Mr. MONTGOMERY] will be recognized for 20 minutes and the gentleman from Arkansas [Mr. HAMMERSCHMIDT] will be recognized for 20 minutes.

The Chair recognizes the distinguished gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the Subcommittee on Housing and Memorial Affairs, the gentleman from Alabama [Mr. SHELBY].

Before doing so, I want to commend the gentleman from Alabama for the time and attention he has given to protecting our Nation's veterans programs during this session of the Congress. On two occasions, Congressman SHELBY has brought legislation to the floor to protect the Veterans Home Loan Program and today has this bill on the floor for consideration by the House. I commend him for his leadership, and I yield to him at this point.

Mr. SHELBY. Mr. Speaker, I urge favorable consideration of H.R. 4345, a bill authorizing the Veterans' Administration to establish a national cemetery in the Cleveland, OH, area.

The National Cemetery System was established within the Veterans' Administration on June 18, 1973, by Public Law 93-43. Shortly thereafter, the regional cemetery concept, based on 10 standard Federal regions, was adopted as an interim method of system expansion.

In a draft study, the Department of Memorial Affairs of the Veterans' Administration has reassessed the regional cemetery system in terms of future expansion. The study states that although the establishment of regional cemeteries is considered to be the best method of expansion to meet immediate needs, one national cemetery in each region of the country does not equitably meet the needs of the veteran population as a whole.

The draft study concluded that the need for further expansion within the various regions remains.

Future expansion of the National Cemetery System to meet the needs of the country can be accomplished with some adjustments to the regional concept. The VA believes that veteran population density is the most effective and equitable criterion for expansion. We on the committee concur with this general concept.

The Veterans' Administration has compiled a list of top 10 areas of the

country in which there is a need for a national cemetery. One of the areas listed is Cleveland which has a veteran population of 790,000.

I wish to commend the gentleman from Ohio, the Honorable BOB MCEWEN, for introducing this legislation to establish this cemetery. I also wish to commend the chairman of the full committee, the distinguished gentleman from Mississippi, the Honorable SONNY MONTGOMERY, for moving on this bill so expeditiously.

I also want to thank the ranking minority member of the subcommittee, the distinguished gentleman from New Jersey, for his efforts and support.

Mr. Speaker, I urge favorable consideration of this measure.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 4345, a bill to establish a national cemetery in the Cleveland, OH, area. The need for this cemetery is unquestioned. Cleveland is an area of the country with one of the highest priorities for cemetery construction, as identified by the Veterans' Administration.

Mr. Speaker, I do not believe it is too much to ask for the Government to set aside special places of honor for the final repose of men and women who faithfully wore the uniforms of our armed services.

Mr. Speaker, the cost for the cemetery is minimal, and the land for the cemetery would be acquired at the discretion of the Administrator of Veterans' Affairs by purchase, donation, exchange or otherwise. Total outlays for the cemetery between fiscal years 1987 and 1991 would be under $5 million, assuming the land is donated. The VA customarily obtains cemetery land by donation.

I commend Mr. MCEWEN of Ohio, a member of the Veterans' Affairs Committee, for conceiving of and introducing H.R. 4345. Also, Mr. SHELBY, chairman of the Subcommittee on Housing and Memorial Affairs, and Mr. SMITH of New Jersey, ranking member of the subcommittee, played key roles in bringing this bill to the floor. And of course, my good friend, SONNY MONTGOMERY, who is the distinguished chairman of our committee, provided invaluable leadership as the bill moved through the legislative process.

This cemetery would be a fitting and permanent way to remember Ohio's veterans. America has a high obligation to all of those who have unselfishly been willing to put their lives on the line for democracy. When they have finished life's course, let us not turn our backs on them and their families.

Mr. Speaker, I urge my colleagues to vote for passage of this legislation.

Mr. Speaker, I yield whatever time he may consume to the gentleman from New Jersey [Mr. SMITH], the ranking member of the subcommittee.

Mr. SMITH of New Jersey. Mr. Speaker, I rise in strong support of H.R. 4345, a bill which would authorize the Administrator of the Veterans' Administration to establish a national cemetery in or near Cleveland, OH.

As my colleague from Alabama, the distinguished chairman of the subcommittee has pointed out, the Cleveland area is in great need of a national cemetery with a veteran population of over 790,000.

I congratulate our colleague from Ohio Mr. [MCEWEN] for his perseverance and leadership in getting this national cemetery for the veterans of his State. BOB has pushed hard for this bill and the results are apparent today.

Let me also take this opportunity to applaud the efforts of our distinguished chairman, Mr. MONTGOMERY, the chairman of the committee, for his work; Mr. HAMMERSCHMIDT, in moving this bill through the committee; and of course Mr. SHELBY, the chairman of the Subcommittee on Housing and Memorial Affairs, for marking up the bill.

I urge my colleagues to support the bill. It is a simple bill but an excellent bill. It is much-needed legislation for veterans of the Cleveland area.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio, [Mr. MCEWEN], a member of the committee.

Mr. MCEWEN. Mr. Speaker, I want to express my sincere appreciation to you and to the distinguished chairman of our committee, SONNY MONTGOMERY, for your efforts to act upon this legislation so expeditiously. In addition, I want to thank our subcommittee chairman, RICHARD SHELBY, and the ranking member, CHRIS SMITH, for their important support for H.R. 4345.

As you have noted, Mr. Speaker, H.R. 4345 would authorize the Administrator of the Veterans' Administration to establish a national cemetery in or near Cleveland, OH. Along with my colleagues from Ohio, I have sponsored this legislation which will meet the future cemetery needs for Ohio's veterans. The Cleveland area currently ranks as one of the highest in the country most in need of a national cemetery.

Good management practices dictate that national cemeteries be provided in locations where they will serve the largest number of veterans. Northeastern Ohio is such a location. This area has a veteran population of nearly 800,000 veterans. Moreover, the establishment of a national cemetery in this area would provide burial privileges for almost 8 percent of the veterans presently unserved.

I am aware of the regional cemetery concept which has been put forth by the Veterans' Administration and that such a regional cemetery currently exists at Fort Custer, MI. However, this cemetery does not serve the Cleveland area which is nearly 257 miles away. In fact, there are only two veterans from Ohio which have been buried in that facility. In my view, it is imperative that we give priority to this cemetery project which will serve a substantial number of our Nation's veterans in the Cleveland, OH, area.

Mr. Speaker, it is through our national cemeteries, more than anything else, that our Nation pays tribute, not only to our war dead, but to all those who have served in military service. I urge my colleagues to support this important legislation.

Once again, Mr. Speaker, for their cooperation and kindness, I thank our committee chairman, our ranking member, the subcommittee chairman and the subcommittee ranking member, and the committee staff. I am appreciative of their service.

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support this bill. I believe it is important that we establish national cemeteries in areas that can properly serve the families of our Nation's veterans. This is a deserving location and one that I hope the Veterans' Administration will consider in its immediate plans.

Mr. Speaker, at this point, I want to acknowledge the interest that has been expressed by members of the congressional delegation from Ohio, especially the ranking minority member of our Subcommittee on Education, Training and Employment, Mr. MCEWEN. BOB MCEWEN is a very able and active member of the committee and I appreciate the leadership role he has played in getting this measure to the floor. I also want to acknowledge the work of the gentleman from New Jersey, the ranking minority member of the subcommittee, Mr. CHRIS SMITH, as well as the other members of the subcommittee. I thank them for their work and I urge adoption of the bill.

□ 1255

Mr. STOKES. Mr. Speaker, it is with great pleasure that I rise today in support of H.R. 4345, which would establish a national cemetery in the Cleveland, OH, area. I would first like to commend by distinguished colleague and friend. Congressman BOB MCEWEN for authoring this measure, and the distinguished chairman of the Veterans' Affairs Committee for his leadership in bringing this measure before the full House of Representatives.

Mr. Speaker, there are over 790,000 veterans living in the Cleveland, OH, area. This figure represents approximately 7.7 percent of our Nation's total veteran population presently unserved by a national cemetery in close proximity to their domicile. In fact, the closest

national cemetery to Cleveland is Fort Custer, located more than 250 miles away in the State of Michigan. This distance imposes an extreme burden on the families of veterans from the Cleveland area, as they are forced to travel long distances to visit their loved ones. This burden is further compounded by the fact that interments at national cemeteries are limited by choice of the family, to those who reside within a 100-mile radius of the cemetery. I would further like to point out that presently there are only two Ohio veterans buried at the Fort Custer facility, and it is anticipated that this facility will close sometime in the next 15 to 20 years due to lack of space.

Mr. Speaker, the need for a national cemetery in the Cleveland area is apparent. In a recent report prepared by the Veterans' Administration, the Cleveland, OH, area was listed second in the United States as areas in need of veteran burial space. I call upon my colleagues in this body to lend their support to this measure, and by so doing, send a message to our Nations veterans that their service to our Nation will not be forgotten nor go without reward.

Today represents a big step for the veterans of Ohio, and it is with extreme pleasure that I stand before you today in support of this important measure.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MONTGOMERY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi [Mr. MONTGOMERY] that the House suspend the rules and pass the bill, H.R. 4345.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

DOMESTIC VOLUNTEER SERVICE ACT AMENDMENTS OF 1986

The SPEAKER pro tempore. Pursuant to House Resolution 463 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4116.

□ 1256

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4116) to extend the Volunteers in Service to America [VISTA] Program under the Domestic Volunteer Service Act of 1973, with Mr. MONTGOMERY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule the first reading of the bill is dispensed with.

Under the rule, the gentleman from Montana [Mr. WILLIAMS] will be recognized for 30 minutes and the gentleman from Michigan [Mr. HENRY] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I yield myself such time as I may consume.

Mr. WILLIAMS. Mr. Chairman, I rise in favor of H.R. 4116, the Domestic Volunteer Service Act Amendments of 1986.

On February 4, 1986, I introduced H.R. 4116, to reauthorize the Domestic Volunteer Service Act. On May 7, the Committee on Education and Labor favorably reported this legislation which provides for a 3-year reauthorization of the National Volunteer Antipoverty Programs, the Older American Volunteer Programs and the ACTION Agency.

Changes brought about by this legislation include the addition of a new section to clarify the ACTION Agency's purpose with respect to it's role in promoting volunteerism. ACTION is directed to utilize the programs authorized under this act, VISTA, the Retired Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Program to expand citizen service throughout the Nation.

In hearings held on this legislation, the committee received testimony regarding VISTA recruitment procedures. Current ACTION Agency policy turns over most of the responsibility for recruiting VISTA volunteers to the local sponsoring organizations. The effect of this policy has been to severely limit opportunities for VISTA volunteer services to those individuals who know of an already approved VISTA project in his or her community that has not yet recruited its quota of approved VISTA volunteers. Thus, H.R. 4116 requires the Director of the ACTION Agency establish procedures to expand local and national efforts to recruit and assign individuals to serve as VISTA volunteers and to expand media and public awareness efforts. The Director is further required to submit a report to the authorizing committees outlining the steps taken to comply with these recruitment procedures.

Recognizing the valuable contribution that VISTA volunteers currently make to our efforts to combat illiteracy throughout our Nation, H.R. 4116 establishes the VISTA Literacy Corps. The purpose of the corps is to utilize VISTA volunteers to strengthen, supplement and expand efforts to address the problem of illiteracy throughout the United States. The corps consists of all VISTA volunteers working on literacy projects and programs, not just those funded pursuant to this new authority.

The bill provides for placement of volunteers to projects or programs that are designed to meet the special needs of low-income illiterate individuals. It provides for a separate effort and authorization for placing VISTA volunteers in literacy programs or projects that utilize those volunteers as mobilizers and catalysts. It also provides for a separate effort and authorization for placing VISTA volunteers in literacy programs or projects that primarily utilize those volunteers to tutor illiterate individuals.

Further, it is our intention that activities performed under the new authority be used to supplement and not supplant the level of services provided under part A in fiscal year 1986.

H.R. 4116 also changes the requirements regarding evaluation of ACTION Agency programs. Currently, the Agency is required to evaluate all of its programs every 2 years. The bill changes this requirement to every 3 years.

This bill sets authorization levels for title I, part A, the VISTA Program at $25 million for fiscal year 1987. This represents no increase over fiscal year 1986. VISTA would receive a 5-percent increase in the outyears.

H.R. 4116 provides separate authorizations for the new literacy initiatives established under sections 109(c) and 109(d) of the bill. To carry out efforts established by section 109(c), $2, $3, and $5 million are authorized for fiscal years 1987, 1988, and 1989, respectively. Such sums as may be necessary are authorized to carry out efforts established by section 109(d) for fiscal years 1987, 1988, and 1989.

It authorizes title I, part B, the Service Learning Programs at $1,800,000 for each fiscal years 1987, 1988, and 1989 and title I, part C, the Special Volunteer Programs at $1,984,000 for each fiscal years 1987, 1988, and 1989. This also represents no growth for these programs.

This legislation requires that of the moneys available for title I programs, there must first be available for the VISTA Program an adequate amount of funds to produce a minimum of 2,600 service years for fiscal year 1987; 2,730 service years for fiscal year 1988;

and 2,865 service years for fiscal year 1989. This service year funding floor mechanism sets VISTA as the priority title I program and ensures that part A, VISTA, first receives a minimum funding level prior to providing funding for parts B and C of title I. VISTA is a direct service program. Parts B and C are small grants programs that currently are only being minimally funded. It is wise, I think, for the Congress to continue to require that direct service programs receive a priority. It is also important to note that this funding floor does not affect funding for programs like the Older American Volunteer Programs, which are authorized under title II of the act. Foster Grandparents, RSVP, and Senior Companions receive their funding through separate authorizations which are unaffected by the VISTA funding floor provision.

The legislation also provides $25,000,000 in administration and coordination funds for the ACTION Agency for these years. This represents a 1.2-percent decrease from its fiscal year 1986 authorization level.

Finally, H.R. 4116 makes certain technical and conforming amendments, including clarification of statutory language regarding the Service Learning Programs and specifically, the University Year for ACTION Program; the addition of a definition of Indian tribe; clarification of statutory language to make the act gender free; and establishment of the effective date as October 1, 1986.

Mr. Chairman, I reserve the balance of my time.

Mr. HENRY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as a representative of the minority on this bill, I know of no one in the minority who has any reservations relative to the merit of each of the programs outlined here.

Clearly, particularly in a time when our local units of government are threatened with reduction or a cutoff of revenue sharing, and are also threatened with their own budgetary restraints and cuts in community services block grants, support for these programs becomes particularly important. On the other hand, recognizing that the bill before us is authorizing and not appropriating, nonetheless I think it would only be fair to say that those of us on the minority side are concerned by the amounts which are being authorized in the bill, given the budgetary constraints we face, and the need to reflect priorities, even in authorizing levels.

In my own city of Grand Rapids, for example, the VISTA Service Program provides in many respects the executive direction of many of our neighborhood organizations. The Senior Companions Program, about which I feel very strongly and about which I have discussed with the gentleman from Michigan [Mr. KILDEE] has in some respects set a model for possible uses of Older Americans moneys to fill the needs of senior citizens who are facing earlier discharges in many cases in more frail condition, from health care institutions.

Thus recognizing the wisdom of these programs and the merits of these programs, at the same time I for one must offer a word of caution on behalf of those who are concerned about raising the hopes of those so sorely in need of these programs by passing authorization levels that are not likely to be appropriated.

Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, reauthorization of the Domestic Volunteer Service Act of 1973 will enable the programs administered by the ACTION Agency to continue their various activities around the country designed to fight poverty and provide assistance to needy individuals in our society. I would like to recognize the efforts of Chairman PAT WILLIAMS of the Subcommittee on Select Education, Chairman DALE KILDEE and Ranking Member TOM TAUKE of the Subcommittee on Human Resources in the development of this legislation.

H.R. 4116 contributes to the ACTION Program, but includes two serious flaws which will require serious deliberation and debate by the House. These flaws concern funding levels and in fact will turn on the issue of the role and meaning of the House budget resolution. In considering the amendments that will be offered to bring H.R. 4116 in line with the House budget resolution, Members of the House will be asked to go on record as to whether we as a body will live within the budget we have set for ourselves or whether at the first opportunity following passage of the House budget resolution, we choose to ignore our budget and essentially live beyond our means. I am confident that the House will respond to this debate positively, and resolve to live within the parameters laid out in the House budget resolution.

The authorization levels for all of the programs contained in H.R. 4116 are unnecessarily high and an amendment will be offered which will seek to lower the authorization levels in the bill to be consistent with the fiscal year 1986 presequestration appropriation level. As reported out of committee, the authorization levels in H.R. 4116 for fiscal years 1987, 1988, and 1989 represent percentage increases of 16.8, 21.2, and 26.0 percent, respectively, over the fiscal year 1986 presequestration appropriations. The authorization levels in H.R. 4116 are 20 to 30 percent higher than the level of $145 million targeted in the House budget resolution. Even accounting for the $1.5 billion cushion provided in function 500, the funding levels in H.R. 4116 are outside the House budget.

A second amendment will be offered for debate which will seek to lower the VISTA service-year funding floor from the current levels contained in H.R. 4116. Historically, the VISTA service-year funding floor contained in the authorizing legislation dictates the program's appropriation. The VISTA service years designated in H.R. 4116 of 2,600 for fiscal year 1987, 2,730 for fiscal year 1988, and 2,865 for fiscal year 1989, will, if past practice holds, assuming a 3-percent inflation rate, yield appropriations increases of 11.3 percent for fiscal year 1987 and 8 percent for fiscal years 1988 and 1989.

I will offer an amendment on the floor which is consistent with the House budget resolution and which will maintain the VISTA service-year floor at its current level of 2,400 for the 3 years of the reauthorization. My amendment will maintain the VISTA Program at its current services level and will in fact necessitate an inflationary increase in appropriations. Again, in light of the current deficit, as well as other programs of higher priority, H.R. 4116's current VISTA service-year level is unnecessarily high.

Mr. Chairman, we are approaching that time of the budget process when the House must demonstrate its ability to act according to the budget blueprint it has set out for itself. I look forward to the House's consideration of H.R. 4116.

□ 1310

Mr. WILLIAMS. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. EDWARDS].

Mr. EDWARDS of California. Mr. Chairman, I am pleased to speak in enthusiastic support for the Older American Volunteer Programs, included in the Domestic Volunteer Service Act amendments we are discussing today. I wish to commend my colleagues, Mr. KILDEE and Mr. WILLIAMS for their fine leadership on this important legislation.

I can think of no other Federal activity that better embodies the spirit of community than the Older American Volunteer Programs. The Retired Senior Volunteer, Foster Grandparent, and Senior Companion Programs provide low-income senior citizens with the opportunity to use their talents, resources and time to assist other elderly persons less fortunate than they, or to work with children with special needs. In return for their services, these special seniors receive a small stipend, transportation assistance, meals during volunteer assignments, annual physical exams and accident and personal liability insurance.

During a recent trip to my home district in San Jose, CA, I had the opportunity to visit with some senior volunteers working in local schools. It was truly a pleasure to see this fine Federal program in action. I'm sure if every one of my colleagues had the opportunity to observe these special volunteers, they, too, would take pride in supporting this legislation.

I hope that my colleagues will join me today in supporting the authorization levels for the Older American Volunteer Programs included in the Domestic Volunteer Service Act amendments. These modest dollar amounts represent a Federal investment whose reward, I am sure we can all agree, is truly immeasurable.

Mr. WILLIAMS. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. I thank the gentleman for yielding.

Mr. Chairman, while I strongly support all the programs authorized by this legislation, I would like to call particular attention to the Older American Volunteer Programs which fall under the jurisdiction of the Human Resources Subcommittee which I chair.

The three senior volunteer programs reauthorized by this legislation are designed to provide opportunities for older individuals to continue to contribute in a meaningful way to their communities.

Through a wide range of volunteer activities, they provide important assistance in schools, hospitals, homes, and various community facilities and institutions to those with physical, mental, or social needs.

The programs serve two purposes:

First, they provide opportunities for older individuals to be active, contributing members of their communities.

Second, communities benefit from the experience, enthusiasm, and dedication of the older volunteers who serve in these programs.

RSVP volunteers serve in just about every community institution where assistance is needed.

In recent years, RSVP volunteers have served in such areas as food distribution programs, housing, health, nutrition, tutoring programs, and youth services.

Foster Grandparents serve handicapped children 1 on 1 in hospitals, in schools, and in group homes.

Senior Companions work 1 on 1 with the very frail elderly.

For the individual receiving assistance, a senior companion often is the difference between living at home or in a nursing home.

Mr. Chairman, with the DRG's putting our people out of hospitals, our older people, particularly, putting them out sicker and quicker—we know that to be the case in our districts—these programs are even more important to us now, that we have some services for those elderly people so they can stay in their homes. These programs do just that. As a matter of fact, Mr. Chairman, we have had hospital administrators testify that with the DRG's that these programs are even more important now.

Mr. Chairman, Foster Grandparents and Senior Companions are designed for low-income older people who are willing to work 20 hours a week and 50 weeks a year to establish a trusting relationship with the people they serve.

Because of the special needs of those they serve, it takes a very special type of person to be a Foster Grandparent or Senior Companion.

An important element of these programs is the stipend which enables the low income to serve while at the same time encouraging dependability and consistency of those services.

The subcommittee received much favorable testimony on each of the older American volunteer programs, both through hearings and from sites visits.

As a result, no major changes are being proposed in the programs or the way they are administered.

Each program is authorized at current service levels based on the existing authorization with CBO inflation adjustments.

The knowledge that comes with age and experience is a valuable commodity.

RSVP, Foster Grandparents, and Senior Companions tap this resource for the benefit of us all.

I urge the adoption of this bill.

Mr. BARTLETT. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. TAUKE].

Mr. TAUKE. Mr. Chairman, I rise in support of the programs authorized by H.R. 4116, the Domestic Volunteer Service Act Amendments of 1986. In particular, the older American volunteer programs—RSVP, Foster Grandparents, and Senior Companions—authorized in title II of this act allow older Americans to continue to contribute their energy and talents to valuable community projects. The small Federal investment we make in these programs is returned in the thousands of volunteer hours contributed by generous senior citizens.

The Foster Grandparent and Senior Companion Programs serve another purpose as well. Designed for low-income elderly, these programs enable older Americans with limited incomes to contribute to their communities. The commitment of all of the older American volunteers is to be applauded.

Examples of older American volunteer programs operating in my own district in Iowa exemplify the volunteer spirit promoted by this act. Nearly 1,500 volunteers in retired senior volunteer programs operating in Dubuque, Clinton, and Cedar Rapids, IA, are providing numerous services to their local communities. Their activities include peer counseling for mental health and cancer patients in Dubuque hospitals, office work at the Dubuque Law Enforcement Center, and running the Dubuque Arboretum. RSVP volunteers in Clinton are involved in distributing Government commodities and helping in local schools. And in Cedar Rapids, volunteers are involved in crisis intervention, youth service, long-term care and many other valuable community projects.

Dubuque, IA, also enjoys the volunteer services of over 40 Foster Grandparents, who are active in local schools and at a Head Start Center. These seniors are also working with troubled youth, physically handicapped and mentally retarded children. Their contributions are invaluable to the community.

Unfortunately, I find myself in a difficult position when considering H.R. 4116. While I fully support reauthorization of these programs, I must temper my enthusiasm for this legislation because of the unrealistic authorization levels established by this bill. The fiscal year 1987 authorizations in H.R. 4116 are $34 million above the $145 million that is currently available for the domestic volunteer programs. These levels reflect a 23-percent increase over the fiscal year 1986 sequestered appropriations.

Moreover, this body has passed a budget resolution which freezes these programs at the fiscal year 1986 sequestered level for 3 years. Passing this legislation without reducing the authorization level would contradict the action taken a few short weeks ago on the budget resolution. At the appropriate time I will offer an amendment to lower the authorization levels in this bill to a more responsible and realistic level—a level that recognizes the need for restraint but does not jeopardize the continuation of these valuable programs.

Mr. WILLIAMS. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY of Illinois. I thank my distinguished friend, the gentleman from Montana, for yielding.

Mr. Chairman, I rise in support of H.R. 4116.

Mr. Chairman, I happened to have been around here back in the 1960's, when the VISTA program encompassed the Peace Corps, the Older Americans Act, and many of the other programs, and I have watched these programs develop for good over the years, although I was absent from this body for a period of 10 years and VISTA broke off from the initial pro-

gram. It has been a good program. It is a little bit ironic and disconcerting to see some of our friends on the other side of the aisle talk about a little bit of an increase in VISTA is going to be bad, when this is an all-American program. I am wondering how they will feel in the next week or two when we bring up the aid to the Contras in Nicaragua in which the President is requesting about a 400-percent increase from $27 million humanitarian aid up to $100 million. We seem to be able to afford that. But when it comes to something for the people in this country, the older Americans, the people who are at the lower rung of the economic ladder, we seem to quibble over a few million dollars.

So I would hope that we would reorder our priorities just a little bit and think in terms of helping those people in this country who live in the greatest Nation on the face of the Earth and who expect a little hand of fellowship and friendship from their fellow human beings.

So I rise in support of both title I and title II as reported by the committee. I commend my distinguished friend, the gentleman from Montana [Mr. WILLIAMS], and the other members of the Committee on Education and Labor for having the foresight to bring out a little bit of an increase in help for these volunteers who are doing so much for their fellow man. Thank you.

Mr. BARTLETT. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. MILLER].

Mr. MILLER of Ohio. I thank the gentleman for yielding time to me.

Mr. Chairman, as we consider funding levels for the older Americans volunteer programs, I would especially like to point out the fine work that is being done by volunteers in the Senior Companion Program. The Senior Companion Program offers low-income people over the age of 60 an opportunity to provide assistance to homebound elderly citizens who, without such help, probably would have to be institutionalized. There are glowing reports of senior volunteers who have assisted visual- and hearing-impaired individuals to learn to perform the necessary skills to continue living in their own homes—of senior companions who have provided respite care for elderly people who otherwise would have had to go to nursing homes—of senior companions who have started their assignments with patients while they were still in the hospital to be prepared to give appropriate follow up care when the patients go home—of senior volunteers who by their continuing concern have been instrumental in turning around the lives of depressed and drug dependent elderly people so that some of these people are now able to serve others as volunteers in their communities.

The impact of the Senior Companion Program on the volunteers themselves is equally beneficial. Volunteers work 20 hours each week and receive small financial payments, accident and personal liability insurance, on-the-job meals, transportation to their assignments, and annual physical examinations which for many may be the only time they see a doctor other than in emergencies. Receiving the payments and other benefits in the Senior Companion Program raises the self-image of the volunteers who see themselves as members of the community who are able to contribute something meaningful to people who are less fortunate.

With the necessary cost constraints in the Medicare and Medicaid Program and with the lack of nursing home beds in some areas, we must develop more options in providing long-term care. The terrible side effects of loneliness among our increasing elderly population is all too evident. I believe that the Senior Companion Program is a good way to provide adequate care for many of our elderly citizens in their own homes while enhancing the lives of older volunteers.

□ 1325

Mr. WILLIAMS. Mr. Chairman, I yield myself such times as I may consume.

Mr. Chairman, I would like to make the point to my colleagues, and I make this point not only as chairman of the subcommittee which developed this legislation, but also as a member of the House Budget Committee. I want to assure my colleagues that this bill is within the budget, period.

This bill is a freeze, period. It does not violate the budget. This bill is a freeze.

Mr. BARTLETT. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, during debate on the amendments, during the 5-minute rule, we will debate this very issue on the House floor. The budget that the House passed is exceedingly clear and very precise in listing what the budget for this program would be, and that is $145 million. It does provide for, under function 500, for an extra $1.5 billion for programs that are listed of which action is not listed. Even that $1.5 billion is for increases for current services. The 23-percent increase that is contemplated by this legislation far exceeds the increase for current services, but I do respect the gentleman and I do know that we will have ample opportunity for the House to examine that issue of the budget on the House floor when the amendments are considered.

Mr. Chairman, I yield 5 minutes to the gentleman from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. I thank the gentleman for yielding me this time.

Mr. Chairman, with certain reservations, I rise in support of H.R. 4116, the Domestic Volunteer Service Act Amendments of 1986. This measure provides for a 3-year reauthorization of the national volunteer programs authorized under the terms of the Domestic Volunteer Service Act of 1973 and administered by the Action Agency.

Extended through fiscal year 1989 is the Volunteers in Service to America Program—more popularly known as VISTA. Since its inception 20 years ago, VISTA program volunteers have made lasting contributions in assisting low-income individuals and families in achieving self-sufficiency. VISTA volunteers have been extremely successful in attracting long-term community and private sector support for replicable programs and activities designed to meet very basic human needs. Issues of hunger, homelessness, lack of basic education and skills, unemployment, and substance abuse have been high on the VISTA program agenda. H.R. 4116 establishes within VISTA a new VISTA Literacy Corps to supplement and complement public and private sector efforts to address the unacceptably high incidence of illiteracy which continues to deny millions of Americans the opportunity to participate fully in and contribute to the mainstream of American society. Working in partnership with agencies and organizations at the local, State, and Federal levels, VISTA Literacy Corps volunteers would be enlisted for projects serving individuals in greatest need of such assistance and who reside in areas with the highest concentrations of poverty. The legislation before us today also extends through fiscal year 1989 an important and proven trio of Older American Volunteer Programs, including Foster Grandparents, Senior Companions, and Retired Senior Volunteer Programs.

The Foster Grandparents Program is an exceptional one—bringing the talents, experience, and patience of low-income, senior citizens to meeting the very special needs of children with serious physical, emotional, and mental handicapping conditions. Foster Grandparents is a genuine success story in which there are only winners. The senior volunteers receive a very modest stipend for their services. The largest returns are perhaps intangible ones—the awareness and self-satisfaction that come with knowing you are recognized and needed in the community because you make an important difference in the lives of children with special and exceptional needs.

Turning to the Senior Companions Program, we find an equally dedicated corps of senior citizens working with the frail elderly in providing services

and companionship that can spell the difference between institutionalization and remaining in one's own home.

Finally, the Retired Senior Volunteer Program [RSVP] enables nonstipended senior citizens to offer their services in a variety of community settings. RSVP projects place special emphasis on programs for youth, literacy, in-home care, control of substance abuse, and management assistance to public and private nonprofit community-based organizations.

My State of Vermont proudly lays claim to a strong, grassroots commitment to volunteerism. We in Vermont are especially proud of the Action Volunteer programs operating throughout the State—which are in integral part of that longstanding tradition of voluntarism.

Since the 1960's when the first group of VISTA volunteers were assigned to Vermont's Community Action Agencies, VISTA has proven to be an effective vehicle through which local residents have been able to apply their skills and energies to combat causes of and human suffering associated with poverty. The results of these efforts are still visible today in the ongoing Head Start programs, Community Development Corporations, and nutrition programs serving young and old alike.

VISTA sponsorships and assignments have kept pace with the changing dynamic of poverty in the 1980's. Volunteers have made—and continue to make—significant contributions in the vital areas of veterans employment, shelter, crisis intervention, youth services, and assistance to the elderly. Presently, 120 Foster Grandparents are serving exceptional and special needs youngsters in northwestern and central Vermont. The Tri-County Foster Grandparent Project, sponsored by the Champlain Valley Community Services, Inc., is under way in Chittendon, Franklin, and Grand Isle Counties in the northwestern part of our State. These volunteers are found in our schools working—1 on 1—with children with learning disabilities. Some are assigned to meet the unique needs of refugee and migrant children. Others are found in our local hospitals working in both pediatric and intensive care units. Tri-County Foster Grandparents can also be found in day care centers working with abused children as well as children at risk.

Under the auspices of the Vermont Department of Public Health, the Green Mountain Foster Grandparents Program is located in Rutland and Addison Counties—serving central Vermont. Here, foster grandparents are at work in the Brandon Training School serving mentally retarded and multiple-handicapped youngsters. Some volunteers are assigned to the Rutland public elementary schools devoting their energies to working with hyperactive, emotionally disabled, and underachieving students. And foster grandparents are at the Children's Center working on an individual basis with children at risk from alcohol, mentally impaired, abused, or delinquent mothers.

Our Senior Companion Program, sponsored by Vermont's State Office on Aging, enables senior companion volunteers to provide much-needed services to our elderly in nine Vermont counties.

We are fortunate to have a vigorous Retired Senior Volunteer Program as well. RSVP volunteers number over 2,700 and serve in a variety of capacities in 700 agencies. Last year, RSVP volunteers logged in close to 400,000 hours of community service. Our RSVP service network continues to grow. Last year, thanks to the joint efforts of the Caledonia Home Health Care Agency, Inc., and the Orleans Northern Essex Home Health Agency, RSVP volunteer opportunities and services have been extended to Essex, Orleans, and Caledonia Counties in the northeastern part of our State.

Mr. Chairman, I strongly support the philosophy underlying the ACTION volunteer programs. What is more, I am keenly aware of the very tangible role that these social service activities play in my State—a role that is played in communities across the country. I believe that we must reauthorize the Domestic Volunteer Service Act—which is the centerpiece of the legislation we are considering today.

At the outset of my remarks, Mr. Chairman, I indicated that I have some reservations regarding certain provisions incorporated in this reauthorization measure. Let me briefly address my concerns. I believe we can continue to provide adequate resources for the continuation of volunteer opportunities and quality community services afforded through all of the Domestic Volunteer Act Programs, if we establish authorization levels which are more in line with current funding levels. I believe that the authorization levels contained in the committee bill are higher than what we can realistically and honestly anticipate will be appropriated.

In doing so, we may be inviting local program sponsors to plan for the future on the basis of authorization levels which may be far in excess of the Federal dollars they will actually receive.

Moreover, given the very real fiscal constraints within which we are operating—constraints which necessitate some very difficult and unpopular decisions—I do not believe that now is the time to increase the VISTA Program service year floor. I will, therefore, support the amendments which my colleagues from Texas [Mr. BARTLETT] and the gentleman from Iowa [Mr. TAUKE] plan to offer. I urge my colleagues to join me in voting for these amendments. In doing so, I firmly believe that we can demonstrate our continued commitment to the needs which the Domestic Volunteer Service Act Programs are designed to meet.

Mr. CONYERS. Mr. Chairman, I rise in support of H.R. 4116, the Domestic Volunteer Act amendments, which extends the authorization for the national volunteer antipoverty programs and the national older Americans volunteer programs.

The residents of my congressional district in Detroit, MI, have derived great benefit from these efforts. The Foster Grandparent Program, one of three which utilizes senior citizens as volunteers, has a record of service which I am particularly proud of. Ms. Rita Katzman very ably administers this program in my community. She presently serves as president of the National Association of Foster Grandparent Program Directors.

There have been spectacular and exciting changes in the Foster Grandparent Program since its beginning 20 years ago. There are now 249 programs in operation nationwide utilizing the talents and skills of 19,000 foster grandparents. The program serves children with a wide range of physical, mental, emotional, or social disabilities. Its success has served to demonstrate the true versatility of senior volunteers and their ability to work with youngsters in a variety of settings.

In Detroit, 278 foster grandparents are placed in over 35 volunteer agencies, including hospitals, schools for the blind, deaf, and learning disabled, and abused children centers. They are a source of inspiration to thousands of disabled youth.

The cost to the Federal Government of such a program is marginal when you consider its benefits. The senior volunteers receive only a nominal stipend for their support as well as funds to cover transportation.

I believe that voluntarism is something to be encouraged in our society, especially when those persons helped are among the disadvantaged. I urge all of my colleagues in the House to vote in favor of H.R. 4116 so that the Federal Government can continue to have a leading role in this area.

Mr. LELAND. Mr. Chairman, I am happy today to have an opportunity to speak on behalf of one of Government's most worthy and constructive programs, VISTA. Of the literally thousands of programs we in the Congress are called upon to fund, I can think of few others which better exemplify the characteristics of good government—to meet the needs of the people effectively, compassionately, and efficiently.

The VISTA Program is 21 years old this year. What better recognition of this important milestone could be made than the vote of confidence which would be reflected in the unamended passage of H.R. 4116.

VISTA was born during a brief, lustrous time when Government believed it could work in cooperation with the people in solving some of the more pressing social needs of this Nation. It exemplifies what was best about the

Great Society programs of the 1960's. The fact that VISTA has survived as long as it has is testimony not just that the social needs it seeks to correct still exist in abundance, but that VISTA is truly effective in meeting those needs.

In nearly every single one of our congressional districts, VISTA volunteers are making a difference. They are working in neighborhood restoration projects, literacy education programs, handicapped advocacy programs, health care projects for migrant workers, refugee resettlement efforts, weatherization and energy conservation projects, immunization programs for children and adults, senior citizen outreach programs, housing rehabilitation, shelters for runaway youth, child care programs, Native American programs, and employment and training programs for disadvantaged youth.

But perhaps most importantly, VISTA volunteers are out there in our districts helping the poverty stricken, the hungry, and the homeless. In an era when the national conscience is unavoidably focused on the tragic reality that millions of our fellow Americans are going hungry each and every day, VISTA is gallantly fighting back. And in the lives of thousands upon thousands of men, women, and children, VISTA is winning.

As the chair of the Select Committee on Hunger, I look upon the VISTA Program with a great deal of admiration. And I particularly admire the VISTA volunteers themselves. I consider them to be personal ambassadors from government and society—ambassadors not of diplomacy, but of compassion.

As I said earlier, these ambassadors have been deployed to nearly every single one of our districts. I'd like to tell you about the work of some of those who have come to mind. At the Houston-Galveston Food Bank, five VISTA volunteers, at a cost to the Government of under $40,000 a year, have been instrumental in increasing the number of agencies served by 300 percent—from 70 to 210. They have boosted food collections from 10,000 pounds per month to 350,000 pounds per month. And they have expanded food distribution from 20,000 pounds per month to 300,000 pounds per month. These are the kind of results VISTA and its volunteers are getting throughout the Nation. Today we have an opportunity to expand those results, and at a remarkably reasonable cost.

H.R. 4116 calls for a modest increase over VISTA's current $18.1 million appropriation. It does so by maintaining for fiscal year 1987 VISTA's current $25 million authorization, and by increasing what is called the service-year funding floor level. This level guarantees a minimum number of volunteer service-years, which is the best measure of where VISTA's appropriations go. This bill would provide for 2,600 volunteer service-years in fiscal year 1987, 2,730 in fiscal year 1988, and 2,865 in fiscal year 1989. This is an increase in the number of VISTA's in the field of about 130 a year. If only the numbers of the hungry and the homeless were increasing at such a low rate.

It saddens me to know, however, that there are those in this body who find these modest increases to be extravagant. I think it's ironic that in this military-minded administration, a war on poverty isn't a war worth fighting. To these people, I say let's look at these 2,600 VISTA volunteers as our army at the front lines fighting the war on poverty. It's a dedicated and well-trained army, but not one that receives a great deal of encouragement from it's Government, and not one big enough to do more than hold the line against its persistent and relentless enemy.

I'd also like to remind those individuals that the authorization level contained in this bill is equivalent to VISTA's appropriation level in 1967. Prior to this administration and its deemphasis on social programs, VISTA's appropriations were around $34 million. Today they are barely half that. It's not only the hungry who are going hungry, it's the people and the programs who have vowed to feed them.

But despite its shrinkage over the past 5 years, VISTA continues to prove its worthiness every single day. It perseveres through the dedication and resourcefulness of its volunteers.

A recent survey conducted by friends of VISTA of all VISTA hunger projects provided further evidence of the accomplishments of each VISTA that are so critical to the effectiveness and importance of VISTA volunteers to local antihunger efforts. Eighty-six percent of projects responding stated that they could not maintain their present level of activity without their VISTA volunteers. Eighty-eight percent said that they could not expand their level of activity without VISTA. Eighty-eight percent could not replace their VISTA's with nonstipended volunteers. And nearly two-thirds of the VISTA sponsoring hunger organizations found VISTA critical to their success.

The problems of poverty, hunger, and homelessness in America can no longer be glossed over. The Nation wants and needs to commit itself to eradicating these social ills. VISTA is proof of that commitment. It is a program we must support and encourage. This is VISTA's 21st year of service to America. It has entered its adulthood with a record of tremendous accomplishment on little encouragement. It's been cut back to its bare bones by this administration. But we all know that bare bones will not feed the hungry. In the face of today's poverty crisis, we must begin putting meat back on those bones. We must begin fueling our commitment to the needy of this land. We must begin encouraging the lofty and humane principles of voluntarism, self-help, and individuals making a difference that are exemplified by the VISTA Program. And we can make that beginning by supporting an unamended H.R. 4116. Thank you.

Mr. GILMAN. Mr. Chairman, I rise in strong support of H.R. 4116, reauthorizing the Domestic Volunteer Service Act of 1973 for fiscal years 1987 through 1989. We are able to consider this legislation today and to reflect upon the countless ways ACTION and its affiliated programs have enriched American life, due to the tireless efforts of the gentleman from Montana, Mr. WILLIAMS, and the distinguished chairman of the Education and Labor Committee, Mr. HAWKINS.

The Domestic Volunteer Service Act of 1973 established ACTION as a Federal agency to administer domestic volunteer programs designed to eliminate human, social, and environmental problems associated with poverty. H.R. 4116 reauthorizes the three programs under title I of the act—Volunteers in Service to America [VISTA], service learning programs, and special volunteer programs. This measure also reauthorizes funding for the three older American volunteer programs, the Foster Grandparents Program, the Senior Companion Program, and the Retired Senior Volunteer Program [RSVP], all of which have enjoyed tremendous success in many of our congressional districts. I am pleased that the committee has recognized the exemplary work being executed through all of these programs and that they have recommended modest funding increases over current spending levels.

Since its inception in 1973, VISTA volunteers have touched and I dare say, changed the lives, of millions of Americans. VISTA is the only domestic Federal program providing stipends to full-time volunteers to assist low-income Americans to increase their self-reliance. Indeed, the committee report shows that a significant number of literacy and hunger-related projects could not maintain their levels of service without VISTA. VISTA projects currently utilizing VISTA services include: agricultural cooperatives, neighborhood revitalization, senior citizen employment, and programs on independent living for the handicapped.

Another program authorized under H.R. 4116, the service learning programs, offers secondary and postsecondary students an opportunity to work as volunteers in a variety of projects designed to meet the needs of a community's indigent. The students receive no stipend for their service, but the University Year for Action provides postsecondary students to volunteer full time in antipoverty projects for academic credit. The National Center for Service for Learning provides technical assistance to community agencies and organizations that wish to develop projects using student voluntarism.

Perhaps the most successful and popular of the VISTA programs, however, are those services and employment programs administered under the older Americans volunteer programs. First authorized under the 1960 Older Americans Act and administered by ACTION, the older American volunteer programs were designed to promote voluntarism among citizens age 60 years and over. I cannot emphasize enough, how universally popular and effective, these programs are among our older Americans. These programs enable senior citizens to get out and become productive in their communities. Low-income volunteers over age 60 are eligible to become foster grandparents and work under the sponsorship of nonprofit agencies and institutions such as schools, hospitals, and day care centers to help children with problems resulting from physical, mental, or emotional disabilities. Under the senior companions program, volunteers over age 60 provide assistance to homebound elderly citizens who, without such help, probably would be institutionalized. Volunteers under these programs work 20 hours per week and receive small financial stipends, annual physical examinations, accident and personal liability insurance, on-the-job meals, and transportation. Participants in RSVP pro-

vide services that cover a wide variety of community needs, including energy conservation, housing, health, nutrition, and education. Projects are sponsored by local private and public nonprofit organizations and agencies. Participation in RSVP is open to persons age 60 years and over, regardless of income, and volunteers are entitled to reimbursement for transportation, meals, and out-of-pocket expenses related to their work.

These programs did sustain cuts in accordance with the fiscal year 1986 sequestration order under Gramm-Rudman—cuts that have left the programs in which I represent in Rockland, Orange, Westchester, and Sullivan Counties in New York, at a loss to make up the difference. I am again pleased to note that those previous cuts have been taken into consideration by the committee, and that the modest increases assumed by this authorization, coupled with the fact that the bill is within the budget, should ensure that these vital programs will not suffer sudden further cuts.

Accordingly, I urge my fellow colleagues to support H.R. 4116 which provides for the continuation of thse important programs, ensuring that human, social, and educational assistance is provided to the less fortunate.

Mr. ROYBAL. Mr. Chairman, I rise in strong support of H.R. 4116, which provides for a 3-year reauthorization of the ACTION Agency, VISTA (title I) and the older American volunteer programs (title II) including the Retired Senior Volunteer Program [RSVP], the Foster Grandparent Program, and the Senior Companion Program. I commend the hard work of my colleagues, Mr. KILDEE of Michigan, Mr. WILLIAMS of Montana, and Mr. HAWKINS of California, for their work in bringing this important legislation to the floor.

The older American volunteer programs take advantage of the knowledge that comes with age and experience by providing opportunities for older individuals to contribute to their communities in a meaningful way. Through a wide range of activities, senior volunteers provided important assistance in schools, hospitals, homes, and various community facilities to those individuals with physical, mental or social needs.

H.R 4116 seeks no major legislative changes in the older American volunteer programs. It simply reaffirms the proven success and efficacy of these programs by authorizing each program at current service levels based on inflation adjustments prepared by the Congressional Budget Office. The authorization thus ensures that current program levels are not eroded by inflation.

Based on the growth of the numbers of volunteers, and the superb quality of their services, the older American volunteer programs have proven to be both cost-effective and invaluable to communities. The unique coordination between volunteers, and the combined partnership of the public and private sectors, have helped to sustain high standards of excellence among the ACTION programs. Last year, over 388,000 volunteers contributed more then $350 million worth of services to low-income disadvantaged groups including troubled youth, single-parent families and older Americans.

Yet, the great value of these programs extends well beyond what can be measured in strict dollar terms. In 1985 alone, tens of thousands of "retired" Americans serving in nearly 1,100 projects nationwide made substantial contributions to their communities by distributing food to the poor and providing supportive health, nutrition, transportation, and crime prevention assistance.

RSVP volunteers—age 60 and over—serve in virtually every community institution where assistance is needed. Projects cover a wide range of needs including food distribution programs, housing, health nutrition, tutoring programs and youth services. In 1986, the RSVP will provide over 750 projects with an estimated 365,000 volunteers.

Foster grandparents serve handicapped children one on one in hospitals, schools, and in group homes. It is estimated that nearly 250 projects will utilize 18,000 such volunteers in providing vital support to children with physical, social, and emotional needs.

Senior companion volunteers help to link homebound older Americans with supportive services. Over 5,300 senior companions help these individuals to remain independent in their communities, thus preventing costly and unnecessary institutionalization.

Mr. Chairman, at a time when persons aged 65 and over represent the fastest growing segment of our population, we cannot afford to discourage our senior citizens from participating in the older American volunteer programs by cutting back on the number of available positions. This program has proven its cost-effectiveness in community after community throughout the country. It should be reauthorized at a funding level sufficient to ensure that current services are maintained. I urge my colleagues to support H.R. 4116.

Mr. HAWKINS. Mr. Chairman, I rise in support of H.R. 4116. This bill to reauthorize the Domestic Volunteer Service Act will continue the authority for the Volunteers in Service to America Program, the Foster Grandparents Program, the Retired Senior Volunteers Program, the Senior Companion Program and other Federal and local efforts supporting over 400,000 volunteers, nationwide.

These volunteers, whether operating in the rural South or inner-city neighborhoods, are contributing to a substantial improvement in the lives of the unemployed and the homeless; they are working to stamp out illiteracy and hunger; and they are bringing hope to single parents and troubled youth. Additionally, their efforts recruit, train, and coordinate thousands of other local volunteers, multiplying the positive effect of this program manyfold.

I support these programs. In my district in south central Los Angeles, full-time, community oriented VISTA volunteers, often disadvantaged individuals committed to helping themselves and their neighbors, are supporting programs in delinquency prevention; they are serving the needs of senior citizens; they are supplementing the diets of underprivileged citizens through educational efforts and the operation of a food bank; and they are coordinating a program for the training and rehabilitation of youth offenders.

The Committee bill will continue these and other critical programs throughout the United States. It will also protect against further deterioration in these efforts.

In the past 5 years, the number of volunteers supported by the VISTA program has declined from 5,000 to about 2,400. This is a decrease in over 50 percent. The program is currently only funded at its fiscal year 1967 level.

The bill also includes an initiative to address the issue of illiteracy, an affliction that limits the opportunities for millions of our citizens. The work of this new initiative will augment and reinforce the ongoing efforts in this area already funded under VISTA.

An amendment may be offered to further restrict this program. At a time when 60 percent of the VISTA projects in our States and localities cannot fill their authorized and approved volunteer positions, solely due to a lack of Federal support, any attempt to freeze these activities at their already depleted levels is unconscionable.

Furthermore, at a time when the administration's domestic policies and rhetoric are steadily increasing the burden on local volunteer organizations, I urge all of my colleagues to resist any proposed amendment to the service levels.

H.R. 4116 also provides support for the Older Americans Volunteer Programs for three additional years. Included under the Older American Volunteer Programs authorizations are: the Retired Senior Volunteer Program [RSVP], the Foster Grandparent Program, and the Senior Companion Program.

Over the years, the Older Americans Volunteer Programs have demonstrated their effectiveness and benefits not only for the senior citizens who participate in the program, but also for the communities in which such programs operate. These programs utilize the knowledge that comes with age and experience by providing opportunities for older individuals to continue to contribute to their communities in a meaningful way. Through a wide range of activities, senior volunteers provide important assistance in schools, hospitals, homes, and various community facilities to those with physical, mental, or social needs.

The bill seeks no major legislative changes in the Older American Volunteer Programs. These worthwhile programs benefit not only the thousands of individuals who are active, contributing members of their communities, but also those individuals who reap the benefits from the experience and dedication of these volunteers.

An amendment may be offered to cut the authorization levels contained in H.R. 4116 for these very effective programs. Since the recommended figures only follow the Congressional Budget Office figures to offset inflation, this amendment has the effect of cutting the current service levels for these Older American Volunteer Programs. This means cutting the Foster Grandparent, the Retired Senior Volunteer, and the Senior Companion Programs, programs which have repeatedly proven their worth and which are so important to our senior citizens.

I urge my colleagues to oppose all such harmful amendments. I believe that now is the time for us to give our renewed support to all of the domestic volunteer programs, and I urge my colleagues to vote for the passage of H.R. 4116.

Mr. BARTLETT. Mr. Chairman, I have no additional requests for time, and I yield back the balance of my time.

Mr. WILLIAMS. Mr. Chairman, I have no requests for time, and I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. GRAY of Illinois] having assumed the chair, Mr. MONTGOMERY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4116) to extend the Volunteers in Service to America [VISTA] Program under the Domestic Volunteer Service Act of 1973, had come to no resolution thereon.

GENERAL LEAVE

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 4116, the bill just debated.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON EDUCATION AND LABOR TO SIT ON TOMORROW DURING THE 5-MINUTE RULE

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor be permitted to meet during proceedings under the 5-minute rule tomorrow, June 11.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

Mr. JEFFORDS. Mr. Speaker, reserving the right to object, I would ask the gentleman from Montana if he would explain with respect to the committee meeting tomorrow, what bills would be considered at that meeting and as to whether or not he anticipates that it would run into any action with respect to the bill upon which we just completed general debate.

Mr. WILLIAMS. If the gentleman will yield, it is possible that the committee will be meeting on H.R. 1309, high risk occupational disease; H.R. 4463, Effective Schools and Even Start Act; Mr. GOODLING's bill; and H.R. 4418, the voc-ed technical amendments, in markup.

Mr. JEFFORDS. Mr. Speaker, further reserving the right to object, is it anticipated that we will be in conflict with the bill on which we just finished debate?

Mr. WILLIAMS. There is that possibility.

Mr. JEFFORDS. Mr. Speaker, further reserving the right to object, I would reserve the right, just to put the gentleman on alert, perhaps to object to the committee sitting within the committee at that time, but I will not at this time. I will work that out with the chairman.

Mr. BARTLETT. Mr. Speaker, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Speaker, I do think the committee does need to consider these bills, but I would want further considered that there are many members of the committee that will be involved in the 5-minute rule of H.R. 1 who are also members of the Education and Labor Committee in a markup at the same time, as a 5-minute rule on the House floor is exceedingly difficult for Members to accommodate.

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So if there is some other way to have the markup, I think it would provide for better decisionmaking.

Mr. JEFFORDS. I would be happy to discuss that with the chairman, and certainly the gentleman has the right to object. I do not intend to object at this time. However, I will take up the concerns of the gentleman with the chairman of the committee, and perhaps the gentleman would like to reserve his own right to object or to object, and that certainly is within his right.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

Mr. TAUKE. Mr. Speaker, reserving the right to object, if I could have the attention of the ranking member, he indicated that he does not plan to object now but might reserve the right later. The problem is that if we do not object now, they can sit under the 5-minute rule whether we object or not. I have some of the concerns that have been expressed by the two gentlemen who have spoken previously.

Do we have any reason to believe that something is going to be worked out?

Mr. JEFFORDS. Mr. Speaker, I do not have any assurances in that regard. What I said was that I would expect that the wishes of myself with respect to having a conflict of Education and Labor Committee bills being on the House floor and in committee at the same time would be respected by the chairman, but I did not intend to use this time to object to the sitting of the committee.

If the gentleman from Iowa [Mr. TAUKE] or the gentleman from Texas [Mr. BARTLETT] feels strongly, of course, they have the perfect right to object, and I certainly would urge them, if they feel that it is going to be something which would be inconsistent with their personal ability to serve their constituents interests, that they might do that.

Mr. BARTLETT. Mr. Speaker, would the gentleman yield?

Mr. TAUKE. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Speaker, I suppose my question for the gentleman from Vermont [Mr. JEFFORDS], before he leaves, is: Was this cleared with the minority before the request was made, or was this something that we knew about?

Mr. JEFFORDS. Mr. Speaker, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from vermont.

Mr. JEFFORDS. Mr. Speaker, I first learned of this some few minutes ago, but of course I just returned, so when it became apparent or my office or my staff was made aware of it, I am not aware. I do know that this full committee markup has been scheduled for some time tomorrow, and I would expect that perhaps the normal sitting of the House was moved up—I think it supposedly was to be at 3 o'clock—so that probably provided the conflict and is why we are here today.

In a sense the committee's meeting has been on schedule for some length of time, and it was shifted from Tuesday to Wednesday to accommodate Members, I would guess that the sitting time of the House was changed, and that is what has led to this conference. So I do not in any way feel abused by the chairman of the committee or the committee in this respect, but the gentlemen certainly have the perfect right to be able to take the position that they think is appropriate under the circumstances for themselves.

Mr. BARTLETT. Mr. Speaker, will the gentleman yield further?

Mr. TAUKE. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Speaker, I suppose my question is: Is there anything about those three pieces of legislation that requires the committee's action tomorrow, or can they be disposed of in a more orderly process under the House rules?

Mr. TAUKE. Mr. Speaker, I might observe to the gentleman that it appears to me as if, if everything is working out fine tomorrow, we can go to committee and nobody is going to object, but if we do not object here, then there will be no opportunity for us tomorrow to make certain that the schedule is handled in such a way as to accommodate us. So I am not sure that it is necessary to prolong the dis-

cussion because, Mr. Speaker, I do object.

The SPEAKER pro tempore. One objection is heard.

If the Chair might have the attention of the gentleman from Montana [Mr. WILLIAMS], under the Speaker's guidelines pursuant to clause 2(i), rule XI, would the gentleman withdraw his request?

Mr. WILLIAMS. Yes, Mr. Speaker, I withdraw my request.

The SPEAKER pro tempore. The request is withdrawn.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO SIT ON TOMORROW DURING 5-MINUTE RULE

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to sit tomorrow, Wednesday, June 11, 1986, while the House is reading for amendment under the 5-minute rule.

Mr. Speaker, if I might further explain, this has been cleared with the minority and is for the purpose of marking up the immigration bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

LEGISLATION ESTABLISHING NATIONAL CEMETERY IN NORTHEASTERN OHIO

(Mr. ECKART of Ohio asked and was given permission to address the House for 1 minute.)

Mr. ECKART of Ohio. Mr. Speaker, I rise today to applaud the activities of the House earlier, and the chairman of the Committee on Veterans' Affairs, the gentleman from Mississippi [Mr. MONTGOMERY], and my colleague, the gentleman from Ohio [Mr. MCEWEN], for consideration and speedy passage of legislation which would provide for the creation of a new national cemetery for veterans in northeastern Ohio.

Recent statistics are indeed overwhelming. Almost 550,000 veterans live within a 50-mile radius of Cleveland, with over 800,000 living within 100 miles of the city. By the year 2000, the Cleveland area will achieve the dubious distinction of having the largest need for the creation of a new national cemetery.

Mr. Speaker, respecting, honoring, and caring for America's veterans does not begin and end only on Memorial Day or other important national holidays. These veterans have given their all in defense of liberty, and the creation of a national cemetery in northeastern Ohio is of critical importance to those veterans who have indeed already shared their great sacrifices on behalf of freedom.

We need to begin to plan now, and the McEwen bill approved by the House today with the support of Chairman MONTGOMERY, and indeed, the balance of the Members, starts us out on that important road to continuing to demonstrate the respect essential and necessary for the preservation of freedom and for the honoring and caring for this Nation's veterans.

Mr. Speaker, I am thankful for the support of Congressman MCEWEN and the consideration of Chairman MONTGOMERY, and I urge the other body to complete quick and expeditious consideration of the legislation providing for the creation of this cemetery to honor our veterans in northeastern Ohio.

Mr. Speaker, I yield back the balance of my time.

TIME FOR CONGRESS TO REPEAL 1930's DEPRESSION-ERA DAVIS-BACON ACT

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, despite $200 billion budget deficits for the foreseeable future, and a vastly different labor market, the 1931 Davis-Bacon Act still is in force, costing taxpayers more than $1 billion a year. By imposing union wage rates on all Federal projects, the act has stifled competitive bidding and placed barriers on the hiring of entry-level positions on the projects.

It is time for Congress to repeal this 1930's Depression-era law, which continues to add fat to our budget and disincentives for badly needed construction projects in our Nation.

I urge my colleagues to follow the wisdom of the Arizona Republic's editorial of June 9, 1986, "It's Time To Trim the Fat."

[From the Arizona Republic, June 9, 1986]

IT'S TIME TO TRIM THE FAT

During the depths of the Depression, Congress passed the Davis-Bacon Act to place a floor under steadily falling wage rates. More than 50 years later, the law still is in force, and it's the height of economic absurdity.

What may have made sense in 1931, to protect job-seekers from exploitation by unscrupulous employers, makes little sense today.

In fact, Davis-Bacon today does just the opposite. By requiring contractors on federal projects costing more than $2,000 to pay "prevailing wages," the act restricts competitive bidding and impedes the hiring of entry-level youth, minorities and women.

Although "prevailing wages" could mean rates contractors usually would pay to obtain high-quality labor, agencies—under court mandated guidelines—have equated the term as synonymous with union pay scales. Labor costs are raised further because the act arbitrarily restricts the number of workers on a federal project that might be paid less in apprentice or helper positions.

Davis-Bacon boosts the cost of federal jobs even more by discouraging competitive bidding by contractors working on private or non-federal projects, who could find it necessary to match those wages with federal levels.

The Congressional Budget Office recently estimated that Davis-Bacon rules are costing American taxpayers almost $1 billion a year. At the same time, badly needed construction or repairs of highways, bridges, water resources, hospitals and other government facilities are restricted by a tight federal budget.

The Reagan administration is supporting congressional efforts to at least exempt smaller federal contracts—less than $1 million—and to add a classification of "helpers" to allow more entry-level positions.

At a time of $200 billion budget deficits, Davis-Bacon reform is not a labor-management issue, it's a budget issue that provides the means to trim wasteful fat.

HUMAN RIGHTS ABUSE IN SOVIET UNION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. COURTER] is recognized for 60 minutes.

Mr. COURTER. Mr. Speaker, the purpose of this special order is to talk about an issue that is extremely important—often we forget it, particularly as we live in this country—and that is the issue of human rights and how human rights are abused, in the Soviet Union in particular.

The gentleman from New Jersey, Mr. DEAN GALLO, and I jointly are taking out this special order to spend just a few minutes in reviewing the trip that we took to Moscow, the Soviet Union, just a few weeks ago.

It was on a Thursday night, May 22, when we left from the airport in New York City, Kennedy Airport. We had a small group: Congressman GALLO, myself, and my wife, traveling with other couples that are activists in the human rights and Jewish communities in the State of New Jersey, Mr. and Mrs. Steve Sobel, and Mr. and Mrs. Sandy Hollander; and also Bob Cohen, who is a journalist from the New Jersey Star-Ledger, New Jersey's largest paper, went with us on that trip, so we were eight.

There was nothing that I had read about the Soviet Union, nothing that I had heard about the issue of the abuse of basic human rights, that prepared me—and I might say also prepared Congressman GALLO—for the trip that we were to embark on.

It was a short trip, as many of these things go. There was not a great deal of time to relax. We left knowing that within 6 days we would be back inside the United States.

□ 1345

We spent about 3½ to 4 days in Moscow and then left; but frankly, as far as this individual is concerned, those 4 days were not to corroborate

and confirm to me the gravity of the problem. The purpose of our visit was obviously to talk about the abuse of basic human rights inside the Soviet Union. We met and talked to probably 45 different families who had one of basically three classical problems that you find with great frequency inside the Soviet Union.

No. 1 was the issue of divided spouses and divided families. These are people who are living in Moscow who want to leave and join their wives or their families that are living outside the Soviet Union.

The second category is the spouses of prisoners of conscience. These probably are the most pitied, the most difficult, the most heart-wrenching stories, individuals who simply want to leave slavery and get to freedom, individuals who simply as they articulately explained to us want to lead honest lives. If they want to be Christians, they want to be able to worship. If they want to be Jews, they want to be able to read the Torah. They want to be able to learn Hebrew, and they are denied those basic rights.

When they make application to leave the Soviet Union and also become involved in their community affairs, that is, be associated with people who are similarly treated, they are prejudiced. They lose their jobs. Marijuana, hashish, cocaine, and heroin is planted on their person or in the apartments, a gun, a knife, they are arrested. They are exiled. They go to prison camps. They go into prison itself.

Now, the third group were classified as dissidents and refuseniks, individuals who were not yet incarcerated, who were not yet told to live in a different part of the Soviet Union away from their friends and their families, but individuals whose only crime was to make an application to leave the Soviet Union, a right which is guaranteed by the Soviet Government pursuant to its own constitution and pursuant to at least one, if not two, internationally recognized treaties; that is, the Soviet Union has said that they will honor the right of her citizens to live where they want to live; but like so many things inside the Iron Curtain, inside the Soviet Union, those rights articulated and written and codified in law are not the rights that are given, exercised, appreciated, or enjoyed. They are rights denied.

The names go on certainly and what I would like to do is mention some of the instances, some of these things so the words are not abstract, because the problems are not abstract.

When we landed in Moscow late on Friday, May 23, we made our way to the Metropol Hotel, a hotel that is fine by Moscow standards, but not obviously those of the United States, the Swiss, French, or Italian standards.

We were cautioned that when we got close to the hotel that we should not make phone calls from the hotel because most assuredly our telephones would be tapped.

We were told not to mention things that we did not want the KGB to know, that we did not want Soviet personnel and authorities to know while inside the privacy of our rooms, because our rooms were bugged.

We were told that as we were driving from the airport to the hotel, from the hotel to the U.S Embassy, that the vehicles that we were driving in were monitored and therefore our conversations would be picked up.

So therefore, when we got to the hotel, we took a long walk around Red Square, found a couple public telephones away from the center of town, away from the hotel which was constantly monitored, and I called and made appointments with a couple families, whose names cannot be mentioned because they have not yet crossed that magic threshold of moving from silent application to public protest and public support.

Most families, however, most refuseniks, most spouses of divided families and prisoners of conscience, have crossed that threshold. They honestly feel, as I guess we do as well after having spoken to them, that there is safety in our recognizing them, that if there is anonymity, then the Soviet authorities can do unto them unimaginable and horrible things; so our involvement, our contact, our adopting families, our talking to them, our calling them up from the United States, our sending them letters, does help.

It cloaks them to a small degree with some mantle of protection.

After lining up our visits that night, our day started the following morning around 8 o'clock in the morning, when Congressman GALLO, who is sharing this time with me now, and I took the 1-mile trek to the only synagogue, the only place of worship for Jews inside Moscow. We went there in the morning and talked to some of the people who came there to pray. There were some very interesting conversations.

After the time we spent at the synagogue talking to people, and there are no hymnals, no books and no religious material, and it is an interesting situation. When talking to Soviet authorities, they say, "Our constitution is just like yours, Congressman BEN GILMAN," who is here with us today and who is a leader in the issue of human rights and is constantly on the floor of the House reminding the West, reminding democracies in Asia and throughout the world that basic human rights are constantly being denied human beings inside the Soviet Union.

I want to say to the gentleman from New York [Mr. GILMAN] that I thank him for coming and I yield to the gentleman at this point.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding.

I wish to commend both gentlemen from New Jersey, Mr. COURTER and Mr. GALLO, for undertaking this extremely important initiative.

I just wish that one day all the Members of this distinguished body would have the same opportunity that the gentleman from New Jersey had in meeting with some of the refuseniks and some of the prisoners of conscience, to have a firsthand opportunity to see the harassment and the burdens that they have in trying to seek freedom and trying to live under the same kind of an institution that we have, where we are able to worship freely and speak out freely.

Many of us had high hopes when the summit meeting was over that there would be a new change in the approach to human rights. We have yet to see that change come about, even though a few symbolic cases have been allowed to be released from the Soviet Union.

I dare say that efforts like those of the gentlemen from New Jersey, both gentlemen from New Jersey, Mr. COURTER and Mr. GALLO, in focusing attention on the need, and many of us here in the Congress speaking out loud and clear, will be helpful in eventually hopefully opening the doors for the free immigration of all those who are now denied that privilege.

I thank the gentleman for yielding and commend him again for his continuing efforts in this direction.

Mr. COURTER. Mr. Speaker, I thank the gentleman from New York. I cannot emphasize enough that he is one of the congressional leaders on this particular issue, never allowing the world's conscience, if there is such a thing and we hope and pray that there is, to forget what has happened to people and indeed what is happening to people as we sit in the comfort of the United States of America.

As I was saying before I yielded, the Soviet authorities will say that their Constitution—"Our Constitution is just like your Constitution. We guarantee the separation of church and state. You can understand that principle, Mr. GILMAN, Mr. GALLO, Mr. WALKER from Pennsylvania"—who is also a leader on this issue—"Mr. COURTER from the State of New Jersey."

But they practice it in a strange and different way. Because the state in the Soviet Union is indeed everything, because there is one institution, and that is the state, there are not other free institutions. There is one organization that disseminates information, and that is the state.

There are various newspapers, all of them getting their marching orders from the state and the Government; one printer in the Soviet Union, not

the individual, of course, who does the printing, but one state printer.

The classical definition carried to its logical conclusion of a separation of church and state means there is no religious literature because the state, separating itself from religion, must not print religious literature, and since it is illegal to have private institutions, private printers in the Soviet Union, religious organizations that print material therefore cannot, because there is an official state printer to print religious material. Therefore, there is no religious material inside the synagogue that Congressman GALLO and I went to.

I will yield to the Congressman in just a minute, if I could just mention a couple other things, if I may.

We talked to separated spouses. I think I will yield in a minute to the gentleman from New Jersey, Mr. DEAN GALLO, to talk about Mr. and Mrs. Michelson and their young son, Anatoly and Olga Michelson, the wife, and Mr. Anatoly Michelson who is living inside the United States. It is a very classic and sad case.

I want to talk about patterns, if I can. I suppose the one thing we have to keep in mind is that there is no great predictability in human rights violations in the Soviet Union, other than the fact that it is extremely predictable that they occur.

It is impossible to devine why some people are allowed to leave and others are not allowed to leave. It is impossible to figure out why some are arrested and sent into exile, while others are not. It is impossible to know for sure why contraband is placed in some apartments so the KGB can arrest them and put them in prison, whereas in other apartments it is not; so there is no great logic or consistency in these abuses, only the sheer logic that it occurs.

What happens, and I was not fully aware of this before I went and journeyed with Congressman GALLO to Moscow, what classically happens is the following, and there is some commonality in these pleas and in these stories. An individual will want to be able to live the way they want to live, will want to be able to be honest individuals, read the type of literature, religious literature they want to read, associate with the type of religious friends they want to associate with, practice their religion in the manner they want to practice, recognize that you cannot simply do it in the Soviet Union. You bump up against the invisible but obvious wall that cannot be penetrated of acceptable behavior. When you go beyond that wall of acceptable behavior, you are in jeopardy. These people therefore want to be honest, want to practice their religion, so they make an application, which is legal under Soviet law to emigrate from the Soviet Union. When they make the application, forthwith shortly thereafter they lose their jobs. Their spouses lose their jobs. As they lose their jobs, if they can find another one, they earn approximately one-third what they were earning before and then the pattern of harrassment continues and accelerates and grows; particularly then when they are cut off from their schools, the children are, when they are cut off from their normal jobs, when other citizens of the Soviet Union spurn them and do not talk to them, they seek emotional support and refuge in others who are in this predicament, and when they do that often their situation is aggravated.

If the Soviets want to arrest them, they arrest them not only for having contraband, but also for hooliganism, which means if you are walking down the street in front of a synagogue and a KGB agent pushes you to the side, really according to the recollection of the police, you pushed him. That is hooliganism. You can be arrested. You can face 5 years in the Gulag for something along those lines, or the classic catch-22 situation. You make an application to leave the Soviet Union under Soviet authority, under Soviet law. You are refused the right to leave. You are denied, based on no reason that is fabricated or made up. Therefore, you are a refusenik. When you become a refusenik and you make the application to leave, you lose your job. You cannot find another job, so you are arrested for parasitism. It is illegal in the Soviet Union not to work, but it is also in the situation that you lose your job if you want to live by the rights that the Soviet Government says that they will honor.

□ 1400

If you are arrested for parasitism, therefore you can go into exile, internal exile, you go to work camps, and you can even go to prision. So it is a catch-22 situation.

We, the gentleman from New Jersey [Mr. GALLO], and I listened over a 3½-day period to about 40 to 50 cases. There are some that stand out, but there is some consistent pattern to these types of abuses.

At this particular time, to discuss a couple of specific cases, I would like to yield to the gentleman from New Jersey who shared with me this adventurer into the gulag, which is almost Moscow, as far as I am concerned. It really is not much of a place to live, not that the people are not wonderful individuals, but the system is so oppressive that it is there at every moment. You feel like there is a wet blanket of authority on you at all times, even though you may not see a KGB agent, even though you may not see a machinegun. You happen to know that it is there.

Mr. Speaker, I yield to the gentleman who is sharing this special order with me, the gentleman from New Jersey [Mr. GALLO].

Mr. GALLO. Mr. Speaker, I want to thank the gentleman from New Jersey [Mr. COURTER] for setting up this special order. I think he has gone over and laid some very important groundwork.

In our visit, all the way through the time we spent there, granted it was not a long time but it was long enough to see the repression that is happening by the Government itself. It came out very clearly that the people there are intimidated. They are intimidated by their government. The cases, the individuals that we had the opportunity to talk with, not just names on a piece of paper but individuals standing in front of us relating their stories, relating that story of just wanting to leave the Soviet Union, and as the gentleman indicated, the hardship that these individuals took on immediately upon applying for a visa, they knew what was going to happen. They knew what was in store for them, but they felt so strongly about what the gentleman has discussed, being able to follow their own religion, give a future for their son or daughter, which is an overriding concern with many of the people that we met.

One in particular the gentleman mentioned, Mr. and Mrs. Michelson. Mr. Michelson came to my office and also came to the gentleman's office, and I believe to the offices of a number of other Congressmen, explaining his particular plight. This is an individual who left the Soviet Union over 30 years ago, expecting his wife to follow within a 6- to 8-month period. Thirty years have gone by and his wife has not followed. His wife is not allowed to leave the Soviet Union.

He had a daughter aged 7 at that time. That daughter is now 37. He has a grandson that he has never seen, age 7½. The gentleman will recall when we met with the Soviet officials and we gave them a list of some 26 names, broken into categories, divided spouses, in this particular case we had the Michelsons as divided spouses. He made a plea to me if I would bring to his wife something he had promised her over 30 years ago, and that was a wedding ring.

I indicated that I would certainly try and deliver that. As you know, both of us met Mrs. Michelson and the daughter and the son at the Embassy. At that point it became a very emotional time. As I presented the ring to her, there were tears in her eyes, and I think we all started to shed a tear or two because it was an emotional point.

When we talked with the Soviet official, who was a Deputy Foreign Minister, we submitted the names, and the gentleman from New Jersey [Mr.

COURTER] gave those names to that official and indicated how strongly we, not only in Congress but the American people, felt about the human rights issue. I then asked him how they could hold two people away from each other for 30 years and that it could not be a military concern, it could not be concern about Mr. Michelson having secrets after 30 years.

The response was, "Well, Mr. Gorbachev is acting on these cases individually and dealing with humanitarian interests."

My response was that I could not think of anything more humanitarian than to reunite these individuals, these two families, really one family, but unite them in an effort to bring about some compassion.

His response was that that is an internal matter, and not one that the United States should be concerned about.

Both the gentleman from New Jersey [Mr. COURTER] and I let him know exactly how we felt and also how the American people feel, because on thing is clear. They do follow what is happening in Congress. They will be reading this special order. They also monitor what happens in the United States. We made it clear that it was not just the Congress that was speaking on this human rights issue, but it is the American people who are demanding that they follow through on the Helsinki accords, which allows, along with the Soviet Union's own law, allows the freedom of movement.

So we put what we felt was our best foot forward in hopes that we would be successful in having that list of names addressed by the Soviet Union and its leadership. I can tell my colleagues at that time I was not overly optimistic that there was going to be a change in policy, especially with the statements that were made, "We will deal with each case as an individual issue and not a human rights issue."

I can tell my colleagues that those 3½ days or 4 days were probably the most emotionally draining days I have ever had because we were meeting with people, as the gentleman indicated, some of the calls were made by him outside of the hotel for fear of being picked up by the Soviet agents, but through his telephone call to one individual, we met with that family, a professional family, the mother a university professor, the father who worked at a very important job, high-ranking job, knowing that immediately when they applied she lost her job and the husband was immediately put down to the lowest level where he started 26 years ago.

His answer and his wife's answer was that it was done for their daughter, so their daughter could have the advantages of knowing their religion and also at the same time have the educational benefits that they felt she deserved.

As JIM and I left, the mother came up to us and said, "Please get our daughter out," because she is fearful that the daughter is going to be more vocal in the future and we know where that will lead to. I think that was probably one of the most difficult times, leaving there knowing that many of those individuals are not going to have an easy time of it.

One other area. As the freshman cochairman of Soviet Jewry in the House, I adopted a family early on in February of last year. It is the Kagan family. I have had the opportunity to send letters back and forth. We have had an ongoing relationship by way of the mail, and also had the opportunity to talk to them on two occasions by telephone.

Going to Moscow allowed us, and me, the opportunity to meet Abram Kagan for the first time face to face. There is one message that I would like to have this House hear. When I first talked with the Kagans, he had just lost his job. He is a mathematician. He is very well known for his thesis on new math. He lost that job.

□ 1410

His son was refused the ability to go to the university. His daughter was refused medical care. In talking with him on our recent visit, he indicated things had changed.

As the gentleman said before, knowing that someone is looking over their shoulder sometimes has a positive effect, and in the case of Abram Kagan, he indicated to me that he felt my involvement, my watching over him, so to speak, has been helpful because now he has received his old job back, his son is now in the university, and his daughter has had the necessary medical care.

I think all and all, you come out of there frustrated and you say to yourself, "What have we accomplished?" I think both of us have accomplished an awful lot, not only for ourselves to see the problem first hand, but to look at some of the frustration on the faces and yet look in the eyes and see that sparkle of hope.

I think, if nothing else, we gave those individuals some hope, some understanding that someone does care and will continue to care until this human rights issue is satisfied.

I yield back to my good friend from New Jersey [Mr. COURTER].

Mr. COURTER. I thank the gentleman for his comments.

I would just like to mention a couple of other things if I may.

I had a family whose name cannot be mentioned because they have not made the decision that they want to have their name be used in any type of a protest. They are refuseniks. They want to get out. They are reaching that frustration level, but they have not made the decision, so the names cannot be used here.

The child wants badly to come to the United States to be educated. There is room at one of the universities in the State of New Jersey for the child. I was talking with the parents in an apartment outside of the center of Moscow and they had applied to leave as a family.

The husband and wife were saying that it may, just may enhance or improve my child's ability, chances of getting out of this system if my child goes alone and leaves us here. I think Soviet authorities rather like that because then there is leverage on both sides. One cannot really express what is truly on one's mind if your loved ones, your mother, your father, your spouse is back in the Soviet Union where obvious sanctions can take place.

But as I was talking to the parents and I was shaking hands and we were out of earshot from their child, they said, "We know that if our child can go to the United States, to the State of New Jersey for an education, and she is allowed to leave, we may never, and probably will never see her again. But we love her enough to say goodbuy forever, knowing that she does not have to live in the type of a system, and endure the types of things that we have endured for the past 55 years inside the Soviet Union."

That is a remarkable testimonial to love, the fact that you love someone enough to let them go, probably never seeing them again.

A couple other observations; I asked the question on a number of occasions because it was interesting, I think, and important in our discussions. I asked the question and the gentleman from New Jersey [Mr. GALLO] asked the same question and probably received generally the same answer. Are things better now under Mikhail Gorbachev, which is a common retort to people who are quizzical. Mikhail Gorbachev is the youngest Soviet leader that I certainly can remember, perhaps the youngest in the history, outside of 75 years ago during the Bolshevik Revolution. His wife dresses in Western clothes, in Gucci shoes and is a very handsome person and so is he. There is a tendency to impute democratic values on this very democratic-looking couple.

I asked the question of the people inside the Soviet Union, and they said, most of them said things were a little bit worse, if at all. The others said that there is no change. There was not one family, not one person, not one spouse, not one child that said things were better under the democratic-looking Mr. Mikhail Gorbachev. I think that is an interesting observation and I wonder whether the gentleman from

New Jersey [Mr. GALLO] received similar answers or different answers.

Mr. GALLO. I think it was very clear that there has not been a change, certainly not a positive change, with the new leadership. As the gentleman indicated, many that we questioned actually felt that things were worse rather than better. The gentleman was relating to the story of his adopted family and the willingness of the mother and father to let their child go, knowing that they would not see them again.

At one of our meetings, if the gentleman will recall, there was a case that is being tried right now at this time, a case of a young person where it was indicated that drugs were found in his possession, although he has all kinds of individuals, highly motivated and with a great deal of integrity, indicating that this young gentleman was never involved in drugs.

As the gentleman has indicated, this is a way of the Soviet Union being able to trump up charges. At that meeting, if the gentleman recalls, we had about 12 individuals and 11 of those individuals said, "Please give priority to this case above ours."

To me, that is the height of devotion to your fellow man, to say someone else's case right now at this moment is more important than ours and please devote your time to that.

I know that when the gentleman talks about letting go a daughter and not seeing her again, I can understand the courage that these individuals have, knowing full well the ramifications that are going to take place, and yet they still have the courage of their convictions, the courage to want to do what is right for their family, and in doing so, knowing that they are making things really more difficult for themselves.

Mr. COURTER. I thank the gentleman from New Jersey for this contribution.

I asked the question, I guess out of curiosity, to some of these people: "Is anybody found innocent in these types of circumstances inside the Soviet Union," probably a naive question. They do have a system of trial substantially different from ours. They looked at me with a smile and said, "Not when the KGB plants the contraband."

I suppose under some circumstances if there is a weak case, they are found not guilty, but when the KGB is involved, indeed, there is normally just one outcome.

What I would like to do to sum up my part, and then I will yield the balance of my time to the gentleman from New Jersey [Mr. GALLO] if he would like to claim it, while I was in the Soviet Union, I kept notes, as the gentleman from New Jersey kept notes, and I would write down quotations, observations, emotions, perceptions, all sorts of things.

I would just like to share five or six observations or quotations at random. On the other hand, I think they are interesting.

□ 1420

I am at the synagogue in the very first full morning, Saturday morning, when we were in Moscow. There was a gentleman there that said that "Young people don't often come here"—to the synagogue—"because it's too dangerous." He also made the statement, "If you talk less it's safer."

I do not know whether these are surprising to anybody, but I thought they were anecdotal and therefore informative and interesting.

A number of people observed making the comment that a Soviet wanting to leave, a Soviet citizen wanting to leave the Soviet Union, is viewed as a traitor; is viewed as someone that is beneath all else, which is the reason, I suppose, for fellow citizens often ostracizing them, not talking to them, not looking at them as they walk down the streets.

One gentleman whom I asked why he was not allowed to leave, why he was a refusenik in the sense of, not why did he make the application but why did the authorities not permit him to go, said "State secrets. Of course! I can't leave because I deal in meat, sausage and poultry." I thought that was an interesting comment.

Another was the fact that individual after individual said that your going there, Congressman GALLO, my going, Congressman BOB WALKER going, Congressman BEN GILMAN going, does help. It means to them that they have an emotional support; it helps them to know that there are people in different parts of the world who have these rights, recognize their problem: it gives them a lot of psychological help, and also gives them to a degree some safety that they did not have before.

Finally, the young person who wanted to come and become educated in the State of New Jersey made some interesting comments. That person said, "This is a paranoic state. The only thing that is consistent is inconsistency when it comes to these particular refusenik problems."

The young person went on to say, "I don't want to be assimilated. I hate this country. I just simply want to leave." A further observation: "I cannot even think about living here," and this is the young person who wants to leave the Soviet Union badly, and her parents are willing to allow this child to go without them.

The individual said: "This system just simply doesn't work."

This is where I would like to end. I think it is important for Americans, people who take freedom so for granted, take choices so for granted, take high standards of living so for granted—nice hotels, so for granted. I will always, every time I go in a nice hotel, I will think about the Metropol in the center of Moscow.

It is important, I think, in this long deliberation, in this struggle with the Soviet Union, a police totalitarian State and does not believe in human rights, that makes decisions based not on what is just, what is ethical, but what is solely in their military or State interests.

It is important to keep in mind that there must be always in the minds of Americans a distinction between the Russian individual and the system that they unfortunately are forced to live under. I think sometimes that is a distinction that we forget too quickly, that we are not, by this special order, by the special orders that have come before, talking about human rights violations in the Soviet Union, and surely the special orders, the commentary, the op-ed pieces, the books that will be written from now on about this particular issue, we do not criticize the individual Soviet person. The Russian people are just as good as the American people. They just happen to be living in a police totalitarian State that does not recognize the value of an individual soul, the value of an individual life.

That is the problem. A distinction must be made between the Soviet Union as an order of government, as a form of government, and the Soviet people themselves which I am quite sure are every bit as good and every bit as flawed as Americans or people in different parts of the world.

I yield to the gentleman from New Jersey [Mr. GALLO].

Mr. GALLO. Mr. Speaker, in talking about how the Soviet citizen is treated, in the time we were there there was no talk about the Chernobyl incident; there was no discussion about the hazards that were obvious to everyone; I mean, we were briefed as to what we should eat, what we should not eat——

Mr. COURTER. If the gentleman will permit me a question: Does the gentleman recall the answers on two or three occasions when we asked the question, how and when did you find out about Chernobyl?

Mr. GALLO. When we asked about that, there was a blank look on many of their faces, because they were not aware of it; and some heard 3 days after the accident.

Mr. COURTER. And those that heard in a timely fashion heard from VOA, Voice of America, and BBC. They did not hear from Soviet authorities.

Mr. GALLO. They would have had basically no knowledge of that; and I recall, we did have a reporter with us, and he would every night go back to the AP and write his story. Effective-

ly, that would be the only way we would get our news.

I recall him coming back one evening and saying that there was a medical alert that was out to the Soviet women, that pregnant women should not drink any milk. That next morning, one of our group tapped me on the shoulder and pointed over to a pregnant woman drinking milk. There was nothing in the paper; there was no acknowledgement in the radio; there was no notice to the Russian people.

This was a direct order by the Soviet Union leadership to keep their people in the dark. Not only their people, but people in neighboring countries in the case of the Chernobyl incident.

I think that gives one a feeling as to where their leadership is coming from; because those people as the gentleman from New Jersey [Mr. COURTER] has expressed have the same feelings we do; have the same wants; but they are not treated as individuals by the leadership.

Any government that can knowingly keep information from their people that is so critical to protecting their health, I think this tells you a little bit about that government.

I would like to close, Mr. Speaker, by saving that I mentioned before meeting my adopted family. I think one thing that could be done by this House, by the Congress, for those that have not adopted families I think it is imperative that, my colleagues, if you have not adopted an individual, please do, because it does mean and make a difference.

It is meaningful to that individual and his family or her family; it is also meaningful to their protection. As the gentleman indicated before, there is that little protection, that blanket of protection, that goes with someone knowing that a Congressman is looking over their shoulder.

It was a trip that I will never forget; it was a trip where I and I know you and those with us were emotionally spent. I could not be any happier—the mixed feelings when we left, knowing we were leaving individuals behind—the feeling of landing at Kennedy Airport, and knowing we were back home, and appreciating maybe just a little bit more the United States.

Mr. COURTER. I thank the gentleman for his contribution. I would like to say that if anybody travels to Moscow, they could not find a better person to do it with than Congressman GALLO.

Finally, the commendation to Robert Cohen from the Star-Ledger in New Jersey who went through what we went through who at the end of the day had to write up his stories and work late into the night; so his days were even longer than ours. Also for the quality, the objectivity is his reporting.

I believe, and I know the gentleman from New Jersey [Mr. GALLO] does as well, that his articles as they appeared in the Star-Ledger were excellent, extremely well-written; and I think they articulated in a very objective and fair but yet hard, punching and truthful manner what we went through in 3 days of the lifetime of two Congressmen from the State of New Jersey.

□ 1430

BLUEPRINT FOR INACTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. WALKER] is recognized for 30 minutes.

Mr. WALKER. Mr. Speaker, as we close the business of the House today, it is necessary, I think, to point out that today we considered no appropriation bills, nor are any appropriation bills scheduled for the rest of the week on the House Calendar.

I point that out in large part because today, June 10, is the day that the House was to have completed action on all of our appropriation bills pursuant to the Gramm-Rudman Act that we passed last year.

We were to have, by this time, finished the entire budget process and begun the process of spending the money through the appropriation bills so that we would arrive not only at a budget that outlines $144 billion deficit for the upcoming year, but also would have a process going forward of appropriation bills that would meet that target, the idea being that by the end of this month the other body then would have completed action on the appropriation bills and before the Congress went home for its July 4 recess we would have in fact had a budget in place and the appropriations bills in place that would assure that as we move through the rest of the legislative year toward fall that we would know precisely where we stood with regard to meeting the budget targets and the spending targets for the upcoming fiscal year of 1987.

None of that is happening. The budget has not yet been passed. This Congress is totally ignoring the law that we ourselves put in place just a few months ago. An overwhelming majority of this House voted for the Gramm-Rudman Act. An overwhelming majority of this House said at that point that we were committing ourselves to a process aimed at producing a balanced budget by 1991. We have decided now to torpedo that entire process. We have decided now that we are not going to comply with that to which we have committed ourselves.

We are in fact taking all kinds of end runs around the law; we are ignoring the law.

This is not the first time that Congress has chosen to ignore a law that committed itself to a balanced budget.

Several years ago Congress passed a law which said that we are going to balance the budget by the year, fiscal year 1981. When it came to the enforcement of that law, we also chose to ignore it. Despite the fact that amendments were offered on the floor on several occasions aiming to enforce that particular balanced budget law, the Congress chose instead to spend the money, ignoring the law.

Last year under a great deal of public pressure about mounting deficits, Congress again committed itself to the idea that we were going to reduce deficits and balance the budget. Once again we are ignoring the law. This Congress has consciously and knowingly chosen to set itself above the law and to ignore it.

Now I hear all the time discussed on the House floor that these are mere technicalities, that the dates put in Gramm-Rudman are simply technicalities and we can ignore them.

Let me talk a little bit about that business of technicalities. First of all, let us remember that the President had to meet one of those technicalities. As of February 1, he was supposed to submit a budget to the Congress. And he did that. He met the time deadline for submitting a budget that met the targets that were specified under Gramm-Rudman.

One can only imagine the howls that would have come from the liberals had the President not met his technical target date. Had the President not come up here with a budget by February 1 and met that target, one can only imagine what the howls would have been from the very people who today take it upon themselves to ignore their target dates.

Be that as it may, we were then supposed to have met a date of April 15 for passing a budget in the House ourselves. We did not do it.

We were supposed to have gotten that bill passed and then put together with the bill of the other body, passed a conference report with the other body by May. We did not do it.

Now we are supposed to have, by today, passed all the appropriation bills relative to that budget. We have not done it. We are going to come nowhere near close. In fact, what I am hearing is we may never even take up a lot of those appropriation bills. At some point this House may take up one massive appropriation bill that would, hopefully, then comply with the budget process.

What that means is that choices will be very, very limited. We will have very little opportunity then taking a bill up in that fashion to modify it, to cutback on spending, to do the kind of priority decisionmaking that Congress should do.

We are, as Congress today, doing our level best to try to set-aside that which

we committed ourselves to a few months ago. When it comes to balancing the budget, Congress consistently takes a walk. When it comes to spending money, Congress consistently does everything that they can to see to it that spending goes forward.

That is precisely the process we are now undergoing. We are setting aside all of the technicalities, all of the provisions of law aimed at managing deficits through a process aimed at a balanced budget by 1991. We are instead moving toward processes that would assure that we can spend more money this year and money in the future. I submit that, as of today, June 10, another target date we were supposed to have met on our route toward reducing deficits, when we have done nothing, absolutely nothing to comply with the deadline, we are in fact showing this Nation, showing the voters across this Nation that we do not care about balanced budgets and we do not care about deficits.

I hope the American people will take a very, very close look at what is happening in this Congress because I think they will be shocked to find out that the very people who come home and tell them they are all for balancing the budget are the same people who too often in this Congress forget what is in the national interest when they are here and, instead, go ahead and ignore the process toward that balanced budget.

It is high time we become responsible here. The American people expect responsibility of us. We certainly are not showing it.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HENRY) to revise and extend their remarks and include extraneous material:)

Mr. DAUB, for 20 minutes, on June 12.

Mr. WALKER, for 30 minutes, today.

(The following Members (at the request of Mr. ECKART of Ohio) to revise and extend their remarks and include extraneous material:)

Mr. STRATTON, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. STOKES, during general debate on H.R. 4345 in the House today.

Mr. GILMAN, during general debate on H.R. 4116 in the Committee of the Whole today.

(The following Members (at the request of Mr. HENRY) and to include extraneous matter:)

Mr. ROGERS.

Mr. WORTLEY.

Mr. COURTER.

Mr. GALLO.

Mr. PETRI.

Ms. SNOWE.

Mr. RUDD.

Mr. MILLER of Washington.

Mr. LEWIS of Florida.

(The following Members (at the request of Mr. ECKART of Ohio) and to include extraneous matter:)

Mr. MONTGOMERY.

Mr. CARR.

Mr. EVANS of Illinois in two instances.

Mr. BROOKS.

Mr. EDGAR in two instances.

Mr. LELAND.

Mr. STOKES.

Mr. MICA.

Mr. VENTO.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2294. An act to authorize certain programs under the Education of the Handicapped Act, to authorize an early intervention program for handicapped infants, and for other purposes; to the Committee on Education and Labor.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3570. An act to amend title 28, United States Code to reform and improve the Federal justices and judges survivors' annuities program, and for other purposes, and

H.J. Res. 382. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following title:

S. 124. An act to amend the Safe Drinking Water Act, and

S. 1027. An act for the relief of Kenneth David Franklin.

ADJOURNMENT

Mr. WALKER. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 36 minutes p.m.), the House adjourned until tomorrow, Wednesday, June 11, 1986, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3676. A letter from the Federal-State Coordinator, Office of the Governor, State of Montana, Washington, DC, transmitting a copy of the interstate mutual aid compact between the States of Montana and Washington, pursuant to 50 U.S.C. app. 2281(g); to the Committee on Armed Services.

3677. A letter from the Secretary of Education, transmitting notification of his intention to submit a legislative proposal for the reauthorization of the Education Consolidation and Improvement Act [ECIA]; to the Committee on Education and Labor.

3678. A letter from the Secretary of Energy, transmitting the calendar year 1984 report on the Department's Industrial Energy Efficiency Improvement Program, pursuant to 42 U.S.C. 6345(e); to the Committee on Energy and Commerce.

3679. A letter from the Acting Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of a proposed manufacturing license agreement for the manufacture of significant military equipment in a country not a member of the North Atlantic Treaty Organization (Transmittal No. MC-26-86), pursuant to 22 U.S.C. 2776(d); to the Committee on Foreign Affairs.

3680. A letter from the Acting Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of a proposed sale of major defense equipment sold commercially under a contract in the amount of $14 million or more (Transmittal No. MC-22-86), pursuant to 22 U.S.C. 2776(d); to the Committee on Foreign Affairs.

3681. A letter from the Director, Defense Security Assistance Agency, transmitting notification of the Department of the Navy's proposed lease of defense articles to the Dominican Republic (Transmittal No. 34-86), pursuant to 22 U.S.C. 2796(a); to the Committee on Foreign Affairs.

3682. A letter from the Director, Defense Security Assistance Agency, transmitting notification of the Department of the Air Force's proposed letter of offer to Israel for defense articles and services estimated to cost $38 million (Transmittal No. 86-35), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

3683. A letter from the Secretary of Labor, transmitting the semiannual report of the inspector general covering the period from October 1, 1985, through March 31, 1986, pursuant to 5 U.S.C. app. (Inspector General Act of 1978) 5(b); to the Committee on Government Operations.

3684. A letter from the Commissioner, Immigration and Naturalization Service, transmitting a copy of the order granting defector status in the case of John W. Graham, pursuant to 8 U.S.C. 1182(a)(28)(1); to the Committee on the Judiciary.

3685. A communication from the President of the United States, transmitting a report on the activities of countries within the United Nations and its specialized agencies and information on the performance of U.N. member countries in international or-

ganizations, pursuant to 22 U.S.C. 2414a(a) and 22 U.S.C. 287b nt.; jointly, to the Committees on Appropriations and Foreign Affairs.

3686. A communication from the President of the United States, transmitting a report on the efforts by the United States and others, including developments in the Contadora process, to promote a negotiated settlement in Nicaragua; alleged human rights violations by the democratic resistance and the Government of Nicaragua; and disbursementof humanitarian assistance to the democratic resistance, pursuant to Public Law 99-83, section 722(j) (99 Stat. 255) and Public Law 99-88, chapter V, section 104 (99 Stat. 326); jointly, to the Committees on Appropriations, Foreign Affairs, and the Permanent Select Committee on Intelligence.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

MR. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 4212. A bill to provide for the reauthorization of the Deep Seabed Hard Mineral Resources Act, and for other purposes (Rept. No. 99-609, Pt. 2). Ordered to be printed.

Mr. FUQUA: Committee on Science and Technology. Report on new technology and the future of steel (Rept. No. 99-625). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (for himself, Mr. SNYDER, Mr. MINETA, and Mr. HAMMERSCHMIDT) (by request):

H.R. 4961. A bill to amend the Independent Safety Board Act of 1974 to authorize appropriations for fiscal years 1987, 1988, 1989, and for other purposes; jointly, to the Committees on Public Works and Transportation and Energy and Commerce.

By Mr. HUGHES (by request):

H.R. 4962. A bill to renew authority to contract for the detection and treatment of drug-dependent offenders, and for other purposes; to the Committee on the Judiciary.

By Mr. MONTGOMERY (by request):

H.R. 4963. A bill to provide military commissary and exchange privileges to the surviving spouses of veterans dying from a service-connected disability; to the Committee on Armed Services.

H.R. 4964. A bill to amend title 10, United States Code, to extend eligibility for military medical care to recipients of the Congressional Medal of Honor and their dependents; to the Committee on Armed Services.

H.R. 4965. A bill to amend title 38, United States Code, to standardize the length of marriage criteria for receipt of dependency and indemnity compensation for survivors of certain veterans; to the Committee on Veterans' Affairs.

H.R. 4966. A bill to amend title 38, United States Code, to extend from 1 year to 2 years the period during which veterans with service-connected disabilities may apply for national service life insurance; to the Committee on Veterans' Affairs.

H.R. 4967. A bill to amend title 38 of the United States Code to permit certain eligible veterans to purchase up to $20,000 of national service life insurance; to the Committee on Veterans' Affairs.

H.R. 4968. A bill to amend title 38, United States Code, to extend eligibility for the Veterans' Administration clothing allowance to certain veterans with skin disorders resulting from service-connected diseases or injuries; to the Committee on Veterans' Affairs.

H.R. 4969. A bill to amend title 38, United States Code, to extend educational assistance benefits to dependents of veterans with a service-connected disability of 80 percent or more; to the Committee on Veterans' Affairs.

By Mr. PRICE:

H.R. 4970. A bill to provide an additional year for the Jefferson National Expansion Memorial Commission to complete the preparation of a development and management plan; to the Committee on Interior and Insular Affairs.

By Mr. RICHARDSON:

H.R. 4971. A bill to direct the Secretary of the Interior to convey certain interests in lands in Socorro County, NM, to the New Mexico Institute of Mining and Technology; to the Committee on Interior and Insular Affairs.

By Mr. SYNAR (for himself, Mr. LOWRY of Washington, Mr. SWIFT, Mr. NIELSON of Utah, Mr. HANSEN, Mr. STRATTON, Mr. STUDDS, and Mr. ATKINS):

H.R. 4972. A bill to ban the promotion of tobacco products; to the Committee on Energy and Commerce.

By Mrs. BYRON:

H.J. Res. 650. Joint resolution to recognize the National Fallen Firefighters' Memorial on the campus of the National Fire Academy in Emmitsburg, MD, as the official national memorial to professional and volunteer firefighters who die in the line of duty; to the Committee on House Administration.

By Mr. SMITH of New Jersey (for himself, Mr. GARCIA, Mr. BLILEY, Mr. MANTON, Mr. HORTON, Mr. JONES of North Carolina, Mr. MOORE, Mr. DANIEL, Mr. SUNIA, Mr. HENRY, Mr. PASHAYAN, Mr. CHANDLER, Mr. VANDER JAGT, Mr. CROCKETT, Mr. TOWNS, Mr. JACOBS, Mrs. HOLT, Mr. WATKINS, Mrs. BURTON of California, Mr. WEBER, Mr. FUSTER, Mr. LEHMAN of Florida, Mr. HUNTER, Mr. MRAZEK, Mr. WORTLEY, Mr. STALLINGS, Mr. O'BRIEN, Mr. DAUB, Mr. BEDELL, Mr. GALLO, Mr. EVANS of Illinois, Mr. DE LA GARZA, Mr. HATCHER, Mr. WOLF, Mr. HOWARD, Mr. BRYANT, Mr. DWYER of New Jersey, Mr. PERKINS, Mr. FAZIO, Mr. SCHEUER, Mr. SMITH of New Hampshire, Mr. NEAL, Mr. WOLPE, Mrs. LLOYD, Mr. DANNEMEYER, Mr. BROOKS, Mr. LIGHTFOOT, Mr. EMERSON, Mr. VOLKMER, Mr. BARNES, Mr. DORNAN of California, Mr. FISH, Mr. GILMAN, Mr. GRAY of Illinois, Mr. GUARINI, Mr. RALPH M. HALL, Mr. HALL of Ohio, Mr. HUGHES, Mr. KASICH, Mr. LAGOMARSINO, Mr. MONSON, Mr. NIELSON of Utah, Mr. ROE, Mr. SAXTON, Mr. SCHUMER, Mr. SHUMWAY, Mr. SWINDALL, Mr. TAUKE, Mr. TORRICELLI, Mr. BUSTAMANTE, and Mr. BURTON of Indiana):

H.J. Res. 651. Joint resolution to designate the week beginning November 23, 1986 as "National Adoption Week"; to the Committee on Post Office and Civil Service.

By Mr. CHAPPELL:

H. Res. 468. Resolution expressing the sense of the House regarding Medicare payment processing; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. COELHO (for himself, Mr. STARK, Mr. WAXMAN, Mr. LANTOS, Mrs. BOXER, Mrs. BURTON of California, Mr. MILLER of California, Mr. FAZIO, Mr. DELLUMS, and Mr. MINETA):

H. Res. 469. Resolution paying special tribute to Portuguese diplomat Dr. de Sousa Mendes for his extraordinary acts of mercy and justice during World War II; to the Committee on Post Office and Civil Service.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 555: Mr. CHENEY and Mrs. BENTLEY.

H.R. 585: Mr. FOGLIETTA, Mr. PERKINS, Mr. SEIBERLING, and Mr. DE LA GARZA.

H.R. 704: Mr. CRANE.

H.R. 1436: Mr. DYSON, Mr. SLATTERY, Mr. SAXTON, Mr. HAYES, and Mr. GILMAN.

H.R. 2221: Mr. CLAY and Mr. DELLUMS.

H.R. 2337: Mr. NIELSON of Utah.

H.R. 2897: Mr. SENSENBRENNER, Mr. WALKER, Mr. DEWINE, Mrs. SMITH of Nebraska, and Mrs. VUCANOVICH.

H.R. 2902: Mr. ANDERSON and Mr. ROWLAND of Connecticut.

H.R. 3357: Mr. LEWIS of Florida.

H.R. 3968: Mr. CARPER and Mr. WEISS.

H.R. 4060: Ms. SNOWE, Mrs. ROUKEMA, Mr. RALPH M. HALL, Mr. GLICKMAN, Mrs. SMITH of Nebraska, Mr. LIPINSKI, Mr. RITTER, Mr. LUKEN, Mr. FOWLER, Mr. KRAMER, Mr. DANIEL, Mr. LIGHTFOOT, Mr. BRYANT, Mr. GINGRICH, and Mr. HAMMERSCHMIDT.

H.R. 4119: Mr. MARTINEZ.

H.R. 4260: Mr. SKELTON and Mr. ROBINSON.

H.R. 4273: Mr. OBERSTAR, Mr. CARNEY, Mr. STRATTON, Mr. PURSELL, Mr. ECKERT of New York, Mr. MARTINEZ, Mr. CLINGER, Mr. VISCLOSKY, and Mr. RINALDO.

H.R. 4301: Mr. MAVROULES, Mr. MILLER of California, Mr. WILLIAMS, Mr. MARTINEZ, and Mrs. BURTON of California.

H.R. 4391: Mr. FUSTER.

H.R. 4450: Mrs. BOXER, Mr. BLILEY, Mr. TORRICELLI, Mr. SAXTON, Mr. MINETA, and Mr. MRAZEK.

H.R. 4630: Mr. WHITTAKER, Mr. HARTNETT, Mr. HEFNER, Mr. ROYBAL, Mr. HENDON, Mr. TALLON, and Mr. BOUCHER.

H.R. 4647: Mr. ROBINSON.

H.R. 4669: Mr. SWEENEY.

H.R. 4682: Mr. BARTON of Texas, Mr. SCHEUER, Mr. VENTO, Mr. GUNDERSON, Mr. JEFFORDS, and Mr. WAXMAN.

H.R. 4713: Mr. BREAUX, Mr. JEFFORDS, Mrs. BURTON of California, Mr. CARPER, and Mr. BARNARD.

H.R. 4734: Mr. SEIBERLING and Mr. KASTENMEIER.

H.R. 4748: Mr. BLILEY and Mr. CRANE.

H.R. 4763: Mr. DIOGUARDI, Mr. ZSCHAU, and Mr. HAMMERSCHMIDT.

H.R. 4766: Mr. DORNAN of California and Mr. PETRI.

H.R. 4936: Mr. WORTLEY.

H.R. 4953: Mr. KEMP, Mr. MCMILLAN, Mr. WORTLEY, Mr. BURTON of Indiana, Mr. KOLBE, Mr. LOTT, and Mrs. ROUKEMA.

H.J. Res. 91: Mr. CRAIG.

H.J. Res. 231: Mr. APPLEGATE, Mr. GRAY of Illinois, Mr. SAVAGE, Mr. LAGOMARSINO, Mr. LANTOS, Mr. BEVILL, Mr. MRAZEK, Mr. FAUNTROY, Mr. SMITH of Florida, Mr. TOWNS, Mr. LUKEN, and Mr. LAFALCE.

H.J. Res. 512: Mrs. BOXER, Mr. HUGHES, Mr. SHAW, Mr. RAHALL, Mr. TRAXLER, Mr. WALGREN, Mr. MARTINEZ, and Mr. DE LUGO.

H.J. Res. 552: Mrs. LONG, Mr. BORSKI, Mr. ROYBAL, Mr. LIPINSKI, Mr. SLATTERY, Mr. DONNELLY, Mr. BUSTAMANTE, Mr. ZSCHAU, and Mr. CARPER.

H.J. Res. 572: Mrs. BYRON.

H.J. Res. 607: Mr. BOUCHER, Mr. DORNAN of California, Mr. FROST, Mr. GARCIA, Mr. HENRY, Mr. LEATH of Texas, Mr. LELAND, Mr. LEWIS of Florida, Mrs. LLOYD, Mr. LUJAN, Mr. MACKAY, Mr. ROE, Mr. SLATTERY, Mr. WALGREN, Mr. WIRTH, Mr. YOUNG of Missouri.

H.J. Res. 618: Mr. MONSON, Mr. WEISS, Mrs. BOXER, Mr. BEVILL, Mr. BONIOR, of Michican, Mr. ROE, Mr. HATCHER, Mr. MARTINEZ, Mr. BERMAN, Mr. FAUNTROY, Mr. ROSE, Mr. VENTO, and Mr. SCHEUER.

H.J. Res. 619: Mr. GILMAN, Mr. KASICH, Mr. LANTOS, Mr. DORNAN of California, Mr. COATS, Mr. BATEMAN, Mr. CONYERS, Mr. BEVILL, Mr. FASCELL, Mr. HUGHES, Mr. PACKARD, Mr. RAHALL, Mr. RANGEL, Mr. SHAW, Mr. VALENTINE, Mr. REID, Mr. HATCHER, Mr. AKAKA, Mr. STRANG, Mr. SCHEUER, and Mr. DOWDY of Mississippi.

H.J. Res. 625: Mr. FIELDS, Mr. PACKARD, Mr. MCCAIN, Mr. KOSTMAYER, Mr. DWYER of New Jersey, Mr. FUQUA, Mr. MARTIN of New York, Mr. BRYANT, Mr. LANTOS, Mr. DORNAN of California, Mr. LIPINSKI, Mr. LIGHTFOOT, Mr. RAHALL, Mr. APPLEGATE, Mrs. BENTLEY, Mr. FAUNTROY, and Mrs. BYRON.

H.J. Res. 628: Mr. MANTON, Mr. MACKAY, Mr. KOSTMAYER, Mr. FUSTER, Mr. LELAND, Mr. MCCAIN, Mr. MURTHA, Mr. SHAW, Mr. GONZALEZ, Mr. HOWARD, Mr. FAUNTROY, Mr. DWYER of New Jersey, Mr. FEIGHAN, Mr. GEJDENSON, Mr. ROSE, Mr. TRAFICANT, Mr. WILSON, Mr. HORTON, Mr. ACKERMAN, Mr. CLINGER, Mr. DIXON, Mr. MCGRATH, Mrs. BOXER, Mr. OWENS, Mrs. COLLINS, Mr. HAYES, Mr. REID, Mr. BEDELL, Mr. BONER of Tennessee, Mr. DYMALLY, Mr. MRAZEK, Mr. DAUB, Mr. DELLUMS, Mr. THOMAS of Georgia, Mr. MONSON, Mr. LANTOS, Mr. LIPINSKI, Mr. WIRTH, Mr. OBERSTAR, Mr. BERMAN, Mr. LEVIN of Michigan, Mr. SMITH of New Hampshire, Mr. DORNAN of California, Ms. KAPTUR, Mr. MARTINEZ, Mr. SHUMWAY, Mr. BIAGGI, Mr. FROST, Mr. DINGELL, Mr. TAUKE, and Mr. KILDEE.

H.J. Res. 642: Mr. RAY, and Mr. DE LA GARZA.

H. Con. Res. 325: Mr. VENTO.

H. Res. 404: Mr. CHENEY, Mr. CLAY, Mr. DANIEL, Mr. DELAY, Mr. DERRICK, Mr. FRANK, Mr. FUSTER, Mr. GINGRICH, Mr. HAMMERSCHMIDT, Mr. HEFNER, Mr. HUBBARD, Mr. LAGOMARSINO, Mr. LUKEN, Mr. LUNDINE, Mr. MANTON, Mr. MCCAIN, Mr. MONSON, Mr. MURPHY, Mr. PERKINS, Mr. RAHALL, Mr. ROBINSON, Mr. RODINO, Mr. ROWLAND of Georgia, Mr. SAVAGE, Mr. SHAW, Mr. SOLOMON, Mr. TALLON, Mr. FEIGHAN, Mr. COBEY, Mr. HORTON, Mr. KINDNESS, Mr. WORTLEY, Ms. MIKULSKI, Mr. VOLKMER, Mr. BONER of Tennessee, Mrs. BENTLEY, Mr. REID, Mr. BATEMAN, Mr. CLINGER, and Mr. NIELSON of Utah.

H. Res. 454: Ms. KAPTUR, Mr. KOLBE, and Mr. TOWNS.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1

By Mr. BARTLETT:

(To the amendment in the nature of a substitute to H.R. 1 (text of H.R. 4746)).

—At the end of the amendment, add the following new title (and conform the table of contents accordingly):

TITLE VI—ASSISTED HOUSING LIVABILITY IMPROVEMENTS

SEC. 601. RENT PHASE-IN.

Section 3 of the United States Housing Act of 1937 is amended by adding at the end the following new subsection:

"(d)(1) In any case in which the obtaining of employment by a resident of a dwelling unit assisted under this Act will result in an increase in the rent payable by the family of such resident under subsection (a), the public housing agency involved (or the Secretary, if no public housing agency is involved) may provide for a gradual increase in such rent to the full amount during a period of not more than 6 months.

"(2) For purposes of this subsection, the term 'employment' shall have such meaning as is determined to be appropriate by the public housing agency involved (or the Secretary, if no public housing agency is involved).".

SEC. 602. PORTABILITY OF SECTION 8 CERTIFICATES AND VOUCHERS.

Section 8 of the United States Housing Act of 1937 is amended by adding at the end the following new subsection:

"(g)(1) Any family assisted under subsection (b) or (o) may continue to receive such assistance when such family moves to another eligible dwelling unit—

"(A) if such dwelling unit is within the same metropolitan statistical area as the dwelling unit from which the family moves; and

"(B) notwithstanding that such dwelling unit is not within the area of jurisdiction of the public housing agency having jurisdiction in the area of the dwelling unit from which the family moves.

"(2) The public housing agency having authority with respect to the dwelling unit to which a family moves under this subsection shall have the responsibility of carrying out the provisions of this subsection with respect to such family. If no public housing agency has authority with respect to the dwelling unit to which a family moves under this subsection, the public housing agency having authority with respect to the dwelling unit from which the family moves shall have such responsibility.

"(3) In providing assistance under subsection (b) or (o) for any fiscal year, the Secretary shall give consideration to any reduction in the number of resident families incurred by a public housing agency in the preceding fiscal year as a result of the provisions of this subsection.

"(4) The provisions of this subsection may not be construed to restrict any authority of the Secretary under any other provision of law to provide for the portability of assistance under this section.".

SEC. 603. INCENTIVES FOR PUBLIC HOUSING AGENCY PERFORMANCE EFFICIENCY.

Section 9(a)(3) of the United States Housing Act of 1937 (as added by section 206 of this Act) is amended by adding at the end the following new subparagraph:

"(C) Under the performance funding system established under this paragraph (and notwithstanding any provision of subparagraph (B) to the contrary)—

"(i) funds received by any public housing agency from sources other than tenant rents or other tenant payments, investment income, or income earned from commercial leases or receipts, including any amounts recovered through litigation, shall not be counted as income in computing the allowable subsidy nor shall prior receipt of any such funds affect the allowable expense level; and

"(ii) any revenues resulting from rental income or other income (including investment income) in excess of estimated revenues from such items may not be recaptured, used, or computed to reduce assistance provided under this section, unless such estimate—

"(I) was unreasonable according to regulations in effect when the estimate was made; or

"(II) was fraudulent and deceptive.".

SEC. 604. PROVISION OF ADEQUATE REPLACEMENT UNITS IN CASES OF DEMOLITION AND DISPOSITION.

Section 18(b) of the United States Housing Act of 1937 (as amended by section 210 of this Act) is further amended—

(A) by striking "and" at the end of paragraph (2);

(B) by striking the period at the end of paragraph (3) and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(4) as an alternative to the requirements of paragraph (3), the public housing agency has developed a plan for the provision of an additional decent, safe, sanitary, and affordable dwelling unit for each public housing dwelling unit to be demolished or disposed under such application, which plan—

"(A) provides for the provision of such additional dwelling units through the acquisition of additional public housing dwelling units, the development of additional public housing dwelling units, the use of certificates or vouchers under section 8, or any combination of such methods;

"(B) is approved by the unit of general local government in which the project is located;

"(C) includes a reasonable plan for funding, except that such funding shall not be required to be provided in advance;

"(D) includes a method of ensuring that the same number of individuals will be provided housing; and

"(E) provides for the payment of the relocation expenses of each tenant to be displaced and ensures that the rent paid by the tenant following relocation will not exceed the amount permitted under this Act.".

SEC. 605. PROHIBITION OF DENIAL OF SECTION 8 CERTIFICATES AND VOUCHERS TO RESIDENTS OF PUBLIC HOUSING.

Section 8 of the United States Housing Act of 1937 (as amended by section 602 of this Act) is further amended by adding at the end the following new subsection.

"(r) In selecting families for the provision of assistance under this section (including subsection (o)), a public housing agency may not consider whether a family resides in a public housing project, except in the case of a family being displaced as a result of major repairs, demolition, or disposition.".

SEC. 606. DEREGULATION OF PUBLIC HOUSING AGENCIES.

Section 2 of the United States Housing Act of 1937 is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end the following new subsection:

"(b)(1) To encourage efficient and effective administration of public housing by public housing agencies, to increase the amount of responsibility of these agencies for administering their public housing, and to minimize Federal involvement in the administration of public housing, the Secretary shall, whenever feasible, permit public housing agencies to carry out activities involved in the administration of public housing projects without prior review or approval by the Secretary.

"(2) The provisions of paragraph (1) shall not apply if—

"(A) the Secretary determines that there is a reasonable basis to conclude that prior review and approval of 1 or more specific activities is necessary to ensure efficient and effective conduct of the activity throughout the program;

"(B) the Secretary determines that there is a reasonable basis to conclude that prior review and approval is necessary with respect to a particular public housing agency due to such factors as its inexperience or poor performance in carrying out the same or related activities; or

"(C) prior review or approval by the Secretary is required by law.".

SEC. 607. EFFECTIVE DATE.

The amendments made by this title shall take effect on October 1, 1986, or the date of the enactment of this Act, whichever occurs later.

SENATE—*Tuesday, June 10, 1986*

(Legislative day of Monday, June 9, 1986)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the Honorable PAULA HAWKINS, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

God of our fathers, in a sense of dependence on You, the Members of the First Congress elected chaplains to both Houses. Realizing that we tend to romanticize their religious faith and impute quality and depth which may be unrealistic—nevertheless, from the outset, Congress acknowledged its need for divine guidance as it bore the heavy responsibility of leadership to the emerging republic. Deliver us, Father, from idealizing these opening moments—let us not demean them as hollow civil ceremony. Help us never to forget that as those dedicated founders acknowledged their dependence upon You—so we recognize our present need for God's guidance in public affairs. In Your name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. THURMOND].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 10, 1986.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable PAULA HAWKINS, a Senator from the State of Florida, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mrs. HAWKINS thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The distinguished acting majority leader is recognized.

SCHEDULE

Mr. COCHRAN. Madam President, under the standing order, as I understand it, the two leaders will be recognized for a period of 10 minutes each. Then there are special orders in favor of the following Senators for not to exceed 5 minutes each: HAWKINS, CRANSTON, HUMPHREY, PROXMIRE, MATHIAS, DIXON, QUAYLE, SASSER, GORE, and MURKOWSKI.

Routine morning business will follow for a period of time not to extend beyond 12 noon, with Senators permitted to speak therein for not more than 5 minutes each. Then, by unanimous consent, the Senate will stand in recess between the hours of 12 noon and 2 p.m. for the weekly party caucuses to meet.

At 2 p.m., pending will be the unfinished business, H.R. 3838, the tax reform bill. I am advised by the majority leader, Mr. DOLE, that votes can be expected during the session today and the Senate could be asked to remain in session into the evening.

VITIATION OF THE MATHIAS SPECIAL ORDER

Madam President, I ask unanimous consent that today's special order in favor of the Senator from Maryland [Mr. MATHIAS] be vitiated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

NATIONAL WILD AND SCENIC RIVERS ACT

Mr. COCHRAN. Madam President, I am today introducing a bill to amend the Wild and Scenic Rivers Act, to designate the Black Creek, a segment of it in the State of Mississippi, to be a part of this National Wild and Scenic Rivers System. The bill designates a portion of that stream, which was included in a wilderness area designation under legislation that I introduced and which was passed by the Senate and the House and signed by the President last year.

The National Park Service, from 1978 to 1982, conducted an inventory of rivers and streams throughout the country to try to identify those with special scenic and wildlife value, recreational attractions which should be further studied for the possibility of inclusion in the National Wildlife and Scenic Rivers System. As a result of that inventory, some 1,500 of our Nation's streams and rivers were identified to be eligible and to qualify for further study.

I am delighted that the Black Creek in the State of Mississippi was one of those streams so designated, and I am glad to include that in legislation and urge the Senate to identify it as a part of our National Wild and Scenic Rivers System. Hearings are going to be held beginning on June 20 by the committee of jurisdiction here in the Senate, and I am hoping that the committee will favorably consider this bill and others that have been introduced by Senators on that subject and favorably report a bill for action by the Senate.

This bill designates approximately 21 miles from the Fairley Bridge Landing to Moody's Landing of the 126 mile Black Creek as a wild and scenic river.

The Black Creek was one of 1,500 rivers or river segments listed on the Nationwide Rivers Inventory which was compiled by the National Park Service from 1978 to 1982. The rivers listed in this inventory were determined to possess outstanding and remarkable scenic, recreational, geologic, fish, and wildlife values which qualified them for further consideration for wild and scenic status.

Madam President, this bill is consistent with and further supports earlier efforts by this Senator in the preservation and conservation of our natural resources. On June 28, 1984, I introduced Senate bill 2808 designating two areas in the DeSoto National Forest in southeastern Mississippi as wilderness areas. These two areas consisted of 4,560 acres in the Black Creek and 940 acres in the Leaf area. This bill was passed by Congress on October 2, 1984, and became law. Approximately 6 miles of the Black Creek requested to be included in the Wild and Scenic Rivers System in within the Black Creek Wilderness Area.

The wilderness area designation of 1984 and the wild and scenic river designation requested in this bill have received wide support from citizens with the State of Mississippi. With citizen involvement, we have made significant progress toward the preservation of an important part of Mississippi heritage for all generations to study and enjoy.

Madam President, I urge my colleagues to support this bill designating this segment of Black Creek as a wild and scenic river, and I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2532

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sec-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

tion 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding at the end thereof the following new paragraph:

"(58) BLACK CREEK, MISSISSIPPI.—The segment from Fairley Bridge Landing upstream to Moody's Landing as generally depicted on a map entitled 'Black Creek Wild and Scenic River', numbered fs-58 and dated March 1986, to be administered by the Secretary of Agriculture as a scenic river area under section 2(b)(2). For the purposes of the segment designated by this paragraph, there are authorized to be appropriated for fiscal years commencing after September 30, 1986, such sums as may be necessary for the acquisition of lands and interests in lands and for development.".

RESERVATION OF LEADERSHIP TIME

Mr. COCHRAN. Madam President, I reserve the remainder of our leader's time on this side.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the Democratic leader is recognized.

Mr. BYRD. Madam President, I thank the Chair.

THE ROGERS COMMISSION REPORT

Mr. BYRD. The Rogers Commission has submitted its report. I commend the 14 members of the Commission, and I commend the chairman, Mr. William P. Rogers, on the excellence of the report. I also commend the President on his selection of the chairman and the members of the Commission.

The Commission did its work in a very professional manner and under great pressures. It was a very complex and difficult assignment, and the commissioners had the constriction of time to add to the many other pressures that were theirs. But they have submitted their report, and it points to the failure of both technology and management. We have heard about the failures of the infamous "O" rings and about the warnings that had been issued about those "O" rings, warnings that went back over a period of several years to 1977, and then beginning in January 1984, the failures that occurred beginning with the 10th launch and occurring through the final and fatal 25th launch.

In many instances it was shown that those "O" rings were flawed, that they did not perform properly, and then finally failed on the fateful day, on the 25th launch, which went forward even in the face of the opposition of some of the engineers, who pointed to the long record of warnings about the flaws in the solid booster rocket and who pointed to weather conditions and the lower than normal temperatures, especially temperatures lower than any in which a previous launch had occurred.

Most of all, I believe the Commission pointed to the errors in management, the safety, the judgmental errors, miscalculations, misjudgments that occurred, and to the faulty structure with respect to the decisionmaking process. So the Commission dealt with extremely difficult aspects of this whole tragedy, and yet it did so, as I have said, professionally. It did so and well.

The task now is to repair the damage and to restore the confidence in the Civilian Space Program. Its continuation is in the national interest. The program has to be revamped in order to avoid—to do the very best we can to avoid—another such tragedy.

One can never say that such a program will always be 100 percent safe. That cannot be said about anything. It cannot be said about airline safety. It certainly cannot be said about space flight. The astronauts, the men and the women who fly on these dangerous missions, know that. But they also believe that they have assurances that everything has been done that can possibly be done to insure their safety and their safe return.

That is what we must do. We cannot assure them and guarantee them that it cannot happen again. They do not ask for that. But they do expect and they should have faith in the safety procedures, in the decision procedures, in the management procedures—that will give them the assurance that everything is being done and has been done in the interest of safety.

Safety should be first. That is one of the flaws that the Commission revealed: Safety was no longer first. Safety was subordinated to the pressures of budgetary concerns, commercial ventures that would help to pay for the costs of such flights.

It was revealed that the procedures were not such that dissent could bubble up and make itself known and heard and considered adequately and in time for disaster to be avoided.

These are some of the things that the Commission brought out.

Madam President, the report underscores the need now for congressional oversight. Now that the Commission has completed its investigation and submitted its excellent report, I am confident that Congress will get on with the job. It is time that Congress got on with the job. The committees in both Houses will conduct hearings today. This must be done, and it will be done.

I am confident that, in the future, with this kind of oversight, the kind of procedures that ensure that safety is first and not somewhere down the line, will be done; and that price and budgetary matters and schedules, overly ambitious schedules, will not be the primary considerations, with safety somewhere down the line. In the future, safety must indeed be first.

I think the Commission finally points out that we must not rely on a space shuttle alone. Whether there will be another one is not for me to say at this point. That decision will be made. But never again should this country put all its eggs in one basket, as it did in this tragic instance. I am confident that we will see expendable rocket launchers used. America must get on with this job. The civilian space program must go ahead, and congressional oversight is assured.

Finally, may I say that America has just begun its space adventures. I am confident of that. The *Challenger* voyage is over, and the seven astronauts are heroes. They gave their lives that the lives of others might be saved. The *Challenger* voyage is done and the voyage of the seven astronauts is done, but America's voyage and the paths of mankind into space have really just begun.

> Man comes, a pilgrim of the universe; out of the mystery that was before the world; out of the wonder of old stars.
> Far roads have touched his feet; forgotten wells have glassed his beauty bending down to drink.
> At altar fires anterior to earth his soul was lighted, and it will burn on after the suns have wasted on the void.
> His feet have felt the pressures of old worlds and are to tread on others yet unknown, worlds sleeping yet in some new dream of God.

Mr. COCHRAN. Madam President, I commend the distinguished Democratic leader for his excellent statement.

I think it is appropriate for us all to indicate our support for the work that this important Commission, under the leadership of former Secretary of State William Rogers, has done to develop a factual report and recommendations which, in my judgment, are very thoughtful and very helpful to us in this period of questioning our named space flight.

I was asked yesterday by a high school student, who was here in Washington as part of a group learning about their Government at work, whether or not we should cancel our manned efforts in space and embark upon a new kind of space exploration program, an unmanned program, which would lessen the likelihood of loss of life.

I hope we do not do that. My response to him then—and my hope for us as a government—was that we will not make any dramatic turnaround or withdraw from our efforts to explore space with manned flight.

I think it is essential to our national security interests for us to continue this program. I am confident that we have the experience and the know-how and the scientific abilities to bring to that task, to make it safer and

to make it productive for us as a nation.

QUORUM CALL

Mr. COCHRAN. Madam President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

RECOGNITION OF SENATOR HAWKINS

The PRESIDING OFFICER. Under the previous order, the Senator from Florida [Mrs. HAWKINS] is recognized for not to exceed 5 minutes.

CRIME AND DRUGS: NEW CONFIRMATION OF AN OLD SUSPICION

Mrs. HAWKINS. Mr. President, a new Justice Department study confirms what many of us have suspected and others have known all along: There is an unmistakable relationship between drug use and the crime rate. The study focused on New York and Washington, DC, and concluded that more than half of the men and women arrested for serious crimes in these two cities were found to be using one or more illegal drugs. The study also found that more than one-fourth of those arrested were using more than one drug at the time of arrest, or close to the time of arrest.

James K. Stewart, Director of the National Institute of Justice, the Justice Department's principal research agency, described the researchers working on the study as amazed at the findings. Previous estimates of the relationship between crime and drugs have been much lower. Mr. Stewart said it had been believed that one-quarter to one-third of the persons committing major crimes might be on drugs, but the study results present an entirely new picture.

The study was based on urinalysis tests administered to 14,000 defendants charged with misdemeanor and felony crimes. Cocaine turned out to be the drug of choice in New York while PCP was the most favored drug of the Washington participants in the study.

Over all, the study found that 56 percent of the men tested in New York and 69 percent of the women tested had used drugs. In Washington, the figure was 56 percent for both sexes. Ten percent of those tested in the District of Columbia who showed no signs of drug use admitted that they did use drugs from time to time. That means that two-thirds of the people arrested for serious crimes in the Nation's Capital are drug users.

Mr. President, I do not wish to inundate you and my colleagues with a mountain of statistics. But these figures are important to all of us responsible for charting the course of national policy. The New York study revealed that 60 percent of the defendants in forgery cases were using drugs at or near the time of their arrest, 56 percent in larceny cases, 41 percent in sexual assault, and 30 percent in fraud.

In Washington, 28 percent of the serious crime defendants were found to be using more than one drug while in New York 41 percent were using multiple drugs.

The crime and drugs analogy is like the chicken and egg—which comes first? When people are on drugs, behavior patterns are modified. They do things they otherwise would not do, ranging from silly, harmless things to violent and harmful acts. Drug addiction is costly. People commit crimes because they need money to feed their habit. Sociologists point to another reason that is often overlooked. Drug use is part of a trendy lifestyle that sometimes takes people down a path to crime, and the act of committing a crime results in a tremendous high.

Earlier studies have shown the link between crime and drugs. This new Justice Department study not only reconfirms that conclusion, but makes it clear the link is even greater than we realized. To control crime, we must first control drugs.

RECOGNITION OF SENATOR HUMPHREY

The PRESIDING OFFICER. Under the previous order, the Senator from New Hampshire [Mr. HUMPHREY] is recognized for not to exceed 5 minutes.

Mr. HUMPHREY. Thank you, Mr. President.

TAX EXEMPT STATUS TO ORGANIZATIONS INVOLVED IN ABORTION

Mr. HUMPHREY. Mr. President, I think it is by now well known that Senators ARMSTRONG, HUMPHREY, and HELMS, and perhaps others, will introduce an amendment to the tax bill that will eliminate the tax exempt status currently enjoyed by certain providers of abortion. I say certain because the amendment will not touch all such providers, just some, and in fact a minority.

Nonetheless, It is an important amendment. Congress clearly has the authority to deny tax exempt status to such organizations. The Supreme Court has upheld the authority of Congress in a number of contexts with respect to the hyde language, language that denies Federal funding of abortion, and likewise has upheld the authority of Congress to deny tax exemption to certain kinds of organizations.

Mr. President, we will get into, I am sure, long-winded arguments about the legality of abortion and many technical details when the amendment is brought up.

For the moment in this limited time I have this morning, I want to try to address the ethical element involved in this amendment.

Mr. President, Senators are sharply divided as are members of our society on this fundamental issue of abortion. However, I think it is fair to say that most Senators would regard themselves and state publicly that they are personally opposed to abortion, and indeed that is the view of most citizens. They are personally opposed to abortion. I think it is worth for a moment to look at the reasons that underlie that personal opposition.

What reason could anyone have to be personally opposed to abortion? If the object of the abortion were not a human being, then no one could have the least compunction or concern about abortions. I think most citizens are concerned about abortion because they know intuitively, instinctively, logically that abortion has as its object the killing of a human being. After all, the offspring of human beings are human beings. They cannot be cows or pigs or chickens. The offspring of human beings biologically must be human beings.

So I think that is what explains this concern that Senators and citizens have, such that they say in speaking about this matter, "I am personally opposed to abortion."

Why? Because I think it is fair to say that they regard abortion as taking a human life whether that taking is necessary or not.

Abortion is a very unfortunate procedure, Mr. President, and I want to discuss just very briefly, since time forces me to be brief, just what is involved in an abortion, with due respect and regard for the sensibilities of my colleagues and those who may be observing these proceedings.

Abortion has only one ultimate purpose and that is to terminate the life of the prenatal child, and the way in which that is done is really quite grotesque. A number of methods are used. The child is either mechanically broken up and disected within its mother's womb and extracted in bloody pieces, or the child is subjected to caustic solutions which burn away its skin and ultimately cause it to die and be ejected, again, from its mother's womb. It is a grisly, dastardly

thing, but that is the way it is done. It is a medical fact of life.

So I hope Senators when the amendment comes up will go beyond the legal and the technical arguments and remember the true fundamental unfortunate nature of abortion and that the offspring of human beings are human beings and it cannot be otherwise. Therefore, given the nature of abortion the question that Senators will be asked to answer in voting is this: Is the performance of abortion something which the taxpayers of our country ought to be forced by Congress to subsidize as they are today or not?

And it is the strong view of this Senator that citizens should not be forced to subsidize abortion as they are today. That is why we need to change the Tax Code. That is why we will be offering such an amendment, and clearly granting tax exempt status to organizations involved in abortion constitutes just as much a subsidy as would be a cash outlay to such organization by the Treasury.

(Mrs. HAWKINS assumed the chair.)

Mr. HUMPHREY. Madam President, the amendment has been printed in the RECORD. The Dear Colleague letters will shortly be going to our colleagues. There can be no element of surprise in this. I know it is controversial.

I think it is more than logical to offer this amendment to the tax bill. This is the first time I believe in decades we have had an opportunity to address the Tax Code in a substantial way. This amendment is germane. This is the time to do it. We are not asking Senators to make any kind of new decision. They have been faced with this question time and time again when the Hyde amendment has been before this body.

Madam President, I thank the Chair. I intend to speak further on this topic.

And I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

□ 1100

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RUDMAN). Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for a period not to exceed 5 minutes.

SECRET MISSION FOR THE MX—SAVE STAR WARS

Mr. PROXMIRE. Mr. President, what is the single most widely accepted argument for the strategic defense initiative or star wars? Almost no one, except possibly the President, believes that SDI can ever provide an impenetrable shield that could protect our cities from a nuclear attack from the Soviet Union. We are now told by the National Academy of Science, our most prestigious scientific organization, that if only 1 percent of the Soviet's offensive arsenal strikes American cities from 35 to 55 million Americans would die instantly. Tens of millions in addition would suffer terminal burns or radioactive injuries. Our hospital and medical personnel could not begin to cope with such a catastrophe and many of our medical personnel would perish in the nuclear blast and intense fires. So, many Americans would perish in the weeks and months that followed such a nuclear attack. Most star wars advocates concede that there is no way the most perfect conceivable SDI system could prevent more than 99 percent of the Soviet arsenal from reaching United States cities.

Why, then do they continue to support it? Here is their answer: they contend that SDI will protect—not our people—but our nuclear deterrent. They argue that the Soviets will not dare to strike after we deploy an ABM system because it will assure the survival of a sufficient American nuclear arsenal to make United States retaliation against the Soviet Union, after a Soviet first strike, a certain fact of life. SDI proponents contend that even a missile defense that succeeds in only partially protecting our launching sites would do the job. The Soviets might be confident that they could eliminate 75 percent or even 90 percent of our deterrent, but the surviving capability would surely destroy the U.S.S.R. and the Soviets would know it. For this reason in the view of proponents, star wars would be worth hundreds of billions or even a trillion dollars or more, because it would prevent a nuclear war.

How about that, Mr. President? What is wrong with that argument for star wars? Plenty is wrong. True, such a strategy might make some sense for the Soviet Union. But for the United States? No. Here is why. The Soviet Union has more than 70 percent of its deterrent in stationary, permanent, land-based launchers. They were in precisely the same place a year ago that they are in now. They will be right there in 5 years or 10 years from now. We know exactly where they are. So we can hit these fixed, stationary missile sites with our own ICBM's.

Now on the other hand, how is the American nuclear arsenal deployed? Fifty percent of our strategic nuclear warheads are deployed in submarines. Could the Soviets strike and take out these submarines? No. Why not? Because this country has a policy of keeping many of them at sea at all times moving swiftly and invisibly in the vast oceans of the world. How about our submarine deterrent that is in port? In the event of a sudden Soviet nuclear bolt from the blue, most of our submarines could be at sea, out of port, before the Soviet warheads could strike our submarine pens. Another 25 percent of our deterrent is deployed in bombers. Some of these are in the air at all times. The rest can be airborne within minutes of a Soviet attack.

So 75 percent of our deterrent does not, by the remotest stretch of the imagination, need stars wars. An ABM defense would contribute virtually nothing to the protection of this virtually invulnerable part of our nulcear deterrent. That leaves the remaining 25 percent of our nuclear arsenal.

Isn't that deployed in stationary land-based launchers? Right now, it is. So won't this land-based United States deterrent be vulnerable to Soviet attack? Answer: Not if Members of Congress who have been pushing hard for the midgetman mobile missile have their way. The Congress has begun to move away from the sitting ducks, the stationary land-based launchers, we have begun a program to build mobile land-based missiles. If deployed and if the Congress opts for mobility for all of our land-based missiles, this part of our nuclear arsenal, too, would enjoy substantial survivability.

So where does that leave the big argument for star wars that we need it to protect our nuclear arsenal? Obviously star wars adds nothing to the widely recognized invulnerability of our submarine deterrent. It adds nothing to the survivability of our bomber deterrent. It will add little or nothing to the invulnerability of our land-based nuclear deterrent if we proceed with midgetman.

It is true that if the Congress goes along with the administration and funds the MX, SDI will at long last have a mission. If any Senator has been mystified as to why the administration has been pushing so hard for the MX, the answer should now be obvious.

The prime argument against the MX has been that it is a sitting duck: a stationary, land-based, 10 warhead missiles that would be the certain No. 1 target for the Soviet Union. And what has been the prime argument against star wars as a protector of our nuclear deterrent? It has been that the mobility of most of our nuclear deterrent already gives it great survivability. Star wars could add nothing. Ah! but if the Congress funds the MX, presto, star wars at long last has a purpose. If star wars works—that is a giant if, but if it

does—it can provide at least a measure of survivability to the MX.

Here are two turkeys, star wars, and the MX, that need each other. So what is the answer? The answer is that the Congress can provide far better survivability by choosing a mobile, midgetman land-based missile and saving the colossal cost of star wars and the MX.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

□ 1110

Mr. DIXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR DIXON

The PRESIDING OFFICER. Under the previous order, the Senator from Illinois, Mr. DIXON, is recognized for a period not to exceed 5 minutes.

Mr. DIXON. I thank the Chair.

HUNGER IN AMERICA—IT'S NO PICNIC

Mr. DIXON. Mr. President, today I am introducing the Hunger Relief Act of 1986. The Nation's attention has been focused recently on the increasing number of men, women, and children in this country who are homeless. Homeless Americans suffer from a wide range of problems relating to employment, shelter, health care, and basic nutrition. Certainly one of the greatest and most urgent problems is hunger.

It has been estimated that as many as 20 million Americans now suffer from hunger and hunger-related diseases. There is no other group in greater need of nutritional assistance than the homeless. Recognizing this fact, the Food and Nutrition Service of the U.S. Department of Agriculture has distributed posters throughout the Nation, informing the homeless of their eligibility for food stamps and encouraging them to participate in the program.

The other night I saw a public service announcement on television inviting the needy to take a place at America's abundant table. I doubt that many people living on the streets were able to see the invitation, but it does point to the fact that the Department has acknowledged that participation of the homeless in the Food Stamp Program embodies one of the goals of the Food Stamp Act: To "promote the general welfare and to safeguard the health and well-being of the Nation's population by raising the levels of nutrition."

Last month, I wrote to the Secretary of Agriculture, asking that he give favorable consideration to a proposal which was submitted by Martha's Table, a nonprofit organization which operates a soup kitchen and mobile meals service in the District of Columbia. I was joined on that letter by Senators HEINZ, LEAHY, HARKIN and D'AMATO. The proposal would allow homeless food stamp recipients to use their food stamps to purchase prepared meals at Martha's Table. The food stamps would then be used by Martha's Table to purchase bulk foods used in the program. In this way, the homeless would have access to a hot, nutritious meal, and the nonprofit soup kitchen could make its resources go a little further. I am pleased to report that the Department has decided to go ahead with such a demonstration in at least three localities across the country. The request for proposals will appear in the Federal Register soon.

It is pretty difficult for the homeless to prepare a hot meal while living on a heat grate or under a bridge. The food that they are able to purchase is more expensive because of the waste which results. You cannot buy a commodity and refrigerate it in the summertime if you live on the street. Furthermore, it is difficult to buy a few slices of bread as opposed to a whole loaf, and a few pats of butter rather than a whole stick. The food stamp dollar only goes so far. If you have to buy more than you need of one time, it limits the variety you can purchase. Although it is within the guidelines for a food stamp recipient to use food stamps to buy a cold, prepared sandwich, that is not generally known either by grocery store check out people or food stamp users. In any event, that would be a much more expensive purchase than the $1 a balanced meal would cost in a soup kitchen.

Currently, the Food Stamp Act makes it impossible for the homeless to effectively benefit from a program that was designed to meet the needs of the most destitute in our society. Therefore, it is just plain common sense to tailor the program for those we want to serve.

Many eligible homeless persons do not receive food stamps because they are unaware of the availability of such benefits or are unable to complete the requisite application. In Illinois alone, over 115,000 persons below the poverty line do not receive food stamps. Nationally the figure is approximately 14 million. Continuing outreach activities is critical if we are to provide necessary food for such persons. But if they are unable to cook or store the food, then it is not the most cost-effective use of the limited food stamp dollars.

Today, I am introducing the Hunger Relief Act of 1986 to help alleviate hunger among the homeless by improving existing Federal nutritional programs.

Specifically, the bill amends the statutory definitions of food, household and retail food store in the Food Stamp Act of 1977 to allow the homeless to purchase prepared meals from government-approved nonprofit shelters or eating establishments. It also provides for Federal reimbursement for State-initiated outreach activities that inform the homeless of the benefits the Food Stamp Program holds for them. Finally, it calls for increased authorizations for storage and distribution of surplus commodities under the temporary Emergency Food Assistance Program.

Implementing these changes is the most efficient way, dollar for dollar, to respond to the nutritional needs of the homeless. It enables nonprofit organizations, like Marillac House in Chicago or the Salvation Army in Rock Island or Lessie Bates Davis Neighborhood House in East St. Louis and similar organizations throughout the country, to meet those needs with respect for the human dignity of homeless persons.

Indirectly, the bill facilitates solving the problem of homelessness by encouraging nonprofit groups to provide shelter without concern about the additional cost of providing meals for the homeless. These shelters may become centers where prospective employers and employment programs can make contact with those in need of jobs.

In short, this bill offers a unique opportunity to begin solving the most urgent problem of the homeless in a straightforward manner without creating new entitlements or new programs. It also increases the effectiveness of the Food Stamp Program. I urge my colleagues to take a good look at this important first step toward making existing programs more responsive to the needs of the people they are meant to help and to support this legislation.

I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FOOD STAMP OUTREACH TO HOMELESS INDIVIDUALS.

(a) OUTREACH PERMITTED.—Section 11(e)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)(A)) is amended by inserting after "Act" the following: ", except food stamp outreach activities directed at households that do not reside in permanent dwellings and households that have no fixed mailing addresses".

(b) ADMINISTRATIVE COSTS.—The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) outreach activities directed to the homeless".

SEC. 2. MEALS SERVED TO HOMELSS INDIVIDUALS.

(a) DEFINITION OF FOOD.—Section 3(g) of the Food Stamp Act of 1977 (7 U.S.C. 2012(g)) is amended—

(1) in clause (1), by striking out "and (8)" and inserting in lieu thereof "(8), and (9)";

(2) by striking out "and" at the end of clause (7); and

(3) by inserting before the period at the end thereof the following: ", and (9) in the case of households that do not reside in permanent dwellings and households that have no fixed mailing addresses, meals prepared for and served by public or private nonprofit establishments that feed such individuals, by private establishments that contract with the appropriate State agency to perform such services at concessional prices, and by public or private nonprofit shelters in which such households temporarily reside and which do not require such households to pay more for such meals than other individuals are required to pay for such meals."

(b) DEFINITION OF HOUSEHOLD.—The last sentence of section 3(i) of such Act (7 U.S.C. 2012(i)) is amended by inserting after "battered women and children," the following: "individuals who do not reside in permanent dwellings or have no fixed mailing addresses,".

(c) DEFINITION OF RETAIL FOOD STORE.—Section 3(k)(2) of such Act (7 U.S.C. 2012(k)(2)) is amended by striking "and (8)" and inserting in lieu thereof "(8), and (9)".

(d) REDEMPTION OF COUPONS.—The first sentence of section 10 of such Act (7 U.S.C. 2019) is amended—

(1) by striking out "and" after "battered women and children,"; and

(2) by inserting after "blind residents" the following: ", and public or private nonprofit establishments, private establishments that contract with the appropriate State agency, or public or private nonprofit shelters that feed individuals who do not reside in permanent dwellings and individuals who have no fixed mailing addresses".

SEC. 3. AUTHORIZATION OF APPROPRIATIONS FOR FOOD STORAGE AND DISTRIBUTION COSTS.

Section 204(c)(1) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "$50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987," and inserting in lieu thereof "$50,000,000 for the fiscal year ending September 30, 1986, and $100,000,000 for each of the fiscal years ending September 30, 1987, through September 30, 1989,".

Mr. DIXON. I thank the Chair.

Mr. President, I yield the floor and I would be glad to suggest the absence of a quorum if that is appropriate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SASSER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR SASSER

The PRESIDING OFFICER. Under the previous order, the Senator from Tennessee [Mr. SASSER], is recognized for a period of not to exceed 5 minutes.

Mr. SASSER. I thank the Chair.

CATASTROPHIC HEALTH CARE INSURANCE FOR THE ELDERLY

Mr. SASSER. Mr. President, older Americans today live with a constant fear of being stricken by a catastrophic illness. They fear catastrophic illness will leave them dependent on others for the rest of their lives. They fear that they will be left impoverished by the tremendous costs of long-term care. Such fears I submit are not unwarranted on the part of many older Americans.

With Americans living longer today—and we thank God for that—the likelihood of more persons being afflicted by catastrophic illness dramatically increases. Those over age 85 are in the fastest growing age group in the country. This age group is expected to triple in size between 1980 and 2020 and increase seven times between 1980 and 2050. The aging of our elderly population, while a major health care accomplishment, poses a serious dilemma. The incidence of chronic disabilities and the need for long-term care is far greater among those 85 and older. Indeed, in 1984, the National Center for Health Statistics reported that 1 in 3 Americans over age 85 required some form of intensive long-term care.

Clearly, the demand for long-term care will grow dramatically over the next few decades. The number of nursing home beds needed in this country is expected to increase 100 percent from 1980–2000. In my own State of Tennessee, the increase will be nearly 150 percent because we have a faster growing elderly population that other areas of the country.

Yet, there is a serious question whether the increasing number of those in need of long-term care will be able to pay for that care. Even more tragic, the options available for financing long-term care are virtually nonexistent.

Medicare, designed to protect the elderly from a growing burden of health care costs, is an acute-care, hosptial-oriented program. Medicare does not cover chronic, long-term care. It covers only short-term stays in skilled nursing homes. Yet, facts show that most people who need nursing home care need it for many months and often years.

Often the only option that is left for the elderly is to pay for long-term care out of their own pockets. And when their pockets are empty, then and only then can they turn to Medicaid for assistance. There is something wrong with a health care system that forces people to impoverish themselves before it will help them.

Paul Willging, executive vice president of the American Health Care Association, has pointed out the shortcomings of our present system. He notes:

> What we've got in place is the world's worst program. We tell Americans to divest themselves not only of their assets, but of their human dignity as well, and then we will take over. So what Americans have striven for all of their lifetime, which is independence—not being a burden on themselves, their spouses, their children, the State—we tell them, only by giving up that independence do we as a society have any responsibility for them.

Mr. President, I can cite example after example of older citizens in my State who have been told that in order for them to qualify for help under Medicaid, they must totally exhaust all of their assets, impoverish themselves, sell their home, and use those assets to cover nursing home care, and only then can they secure Medicaid support.

Such a system, Mr. President, should not and cannot be allowed to continue. We must begin a dialog to address these problems. That is why I have recently introduced legislation which will offer protection to millions of Americans from the financial ravages of long-term care and other medical services.

My bill, S. 2358, is a companion measure to H.R. 4287, introduced in the House by Chairman CLAUDE PEPPER. It provides for a new Medicare part C which would be available as an option to current and future medicare beneficiaries who enroll in both Medicare part A and part B. By paying an annual premium that is significantly less than the average amount senior citizens pay per year out of their own pockets for health care services, beneficiaries would for the first time, enjoy comprehensive coverage for catastrophic health care costs such as nursing home care and extended hospital stays. Other major medical expenses of the elderly such as routine physician visits and dental, eye, and hearing care are also covered in my legislation.

Mr. President, I firmly believe this is a matter of critical importance to all Americans, not just the elderly. It is time for us to provide those facing catastrophic illness a sense of security at a time of tremendous physical and emotional suffering. I urge my colleagues to join my efforts to fashion a solution to this growing problem.

Mr. President, I yield the floor.

RECOGNITION OF SENATOR QUAYLE

The PRESIDING OFFICER. Under the previous order, the Senator from Indiana [Mr. QUAYLE] is recognized for a period not to exceed 5 minutes.

THE SALT II TREATY

Mr. QUAYLE. Mr. President, yesterday I spoke out that if, in fact, critics of the administration's decision to go beyond the SALT II limitations later on this year insist upon trying to tie the President's hands statutorily, that I would urge the majority leader simply to bring up the SALT II treaty for Senate approval and see what the votes are, bring the treaty up for ratification and have a debate on it.

If it falls, it falls, and the debate will be over.

But this is not the approach many of these critics are trying to take. They know that they probably do not have two-thirds of the Senate necessary to ratify the treaty under our constitutional process. Therefore, they are trying to get around the two-thirds of the Senate requirement by using a majority vote in the House and a majority vote in the Senate to prevent any funding of military activities that might bring the United States into technical violation of some of the guidelines and numerical limits that are in the treaty.

I suppose you can argue, Mr. President, that with the powers it has, Congress can do anything. But this flies in the face of what the treaty ratification process is all about.

I certainly hope that these critics do not persist in this type of maneuver. But if they do, I think it is incumbent upon the Senate to take up the treaty and see where the votes are. I certainly will be pushing for that.

Our Founding Fathers rightly understood how serious the obligations of a treaty are. Treaties can impose special obligations on this country including our having to go to war for other countries. For example, the NATO Treaty and Alliance. If there is an attack upon NATO, it is an attack upon the United States.

Mr. President, assuming new treaty obligations is a very serious undertaking. The Founding Fathers made special arrangements for the ratification of any kind of a treaty and those special arrangements said that, "No, it is not going to be half of the House and half of the Senate, a simple majority. We really believe that those Senators, one-third being up every 2 years, ought to not have just a majority vote but a supermajority, and in this case two-thirds of those voting, to assure careful review of the treaty being ratified."

It is an extraordinary responsibility that is placed upon this body to look at treaties, and I really think it would be quite repugnant to this Chamber and the Members of the Senate if, in fact, efforts were made to get around the treaty ratification process by simply going with a majority vote.

Furthermore, Mr. President, our Founding Fathers knew that a treaty took two to tango. The two in this case would be the executive branch and the legislative branch. The normal course of ratification is where the executive branch negotiates the treaty, wherever that treaty may be—the Soviet Union, Canada, Central America, wherever that treaty may be—the executive branch negotiates that treaty and once that treaty is negotiated and finalized, it is submitted to the congressional branch, the United States Senate, for approval.

In other words, the executive branch asks the legislative branch, specifically the Senate, to concur with the treaty that has, in fact, been negotiated. It takes two-thirds of the Senators voting to approve that treaty.

All the nations in the world know what our treaty ratification process is. There is no secret concerning what our constitutional requirements are for ratifying a treaty.

□ 1130

This is not something that we discuss when we are confronted with treaties perhaps that we do not like. But it is something that has been with us for years. It was reaffirmed by the Vienna Convention on the Law of Treaties, which went through a very deliberate review of what were the processes of all nations for ratification of treaties. The world knows what ours is. I think it would really be a questionable tactic to try to circumvent the treaty ratification process. It would certainly raise a question with the countries around the world, both our allies and our enemies, as to what is going on with our political process. Is the political process of this country stable or is it not? Are we going to abide by our constitutional requirements or are we not? I think we should. I think those who understand the Constitution's provisions for treatymaking and the concerns that prompted our Founders to draft them recognize the folly of trying to circumvent a treaty ratification process by a simple majority vote in both the House and the Senate. If in fact that would happen, you would have the Congress as a whole ratifying treaties without the consent of the Executive, without the Executive submitting the treaty to the Senate for ratification, and you would subvert a process that has served us very, very well.

At risk are the Executive's constitutional treatymaking powers, the Senate's treaty-approval role, and certainly the respect and credibility that this Nation has in going through a very deliberate political process on matters of great importance.

If the supporters of continuation of SALT are really serious about extending or modifying SALT, the strictly constitutional powers, a debate over SALT's possible Senate ratification is the only serious course of action. And there we can find out whether that treaty has the two-thirds necessary to see its approval. If not, then we proceed; we clear the decks, and we go elsewhere to promote the arms control process, but we move forward under the processes that have served us quite well for over 200 years.

Mr. President, I suggest the absence of a quroum.

The PRESIDING OFFICER. The clerk will call the role.

The bill clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR MURKOWSKI

The PRESIDING OFFICER. Under the previous order, the Senator from Alaska [Mr. MURKOWSKI] is recognized for a period not to exceed 5 minutes.

Mr. MURKOWSKI. I thank the Chair.

UNITED STATES-JAPAN SERVICES TRADE

Mr. MURKOWSKI. Mr. President, a great deal has been said and a good deal written about our progress in trade matters with our friends in Japan, and last Thursday, as chairman of the Subcommittee on East Asian and Pacific Affairs, I had the opportunity to chair a very important hearing on United States-Japan services trade. The two previous hearings which had been held in my subcommittee concerned nontariff barriers to trade in transportation services. The hearing on June 5 focused on these specific areas: Construction, engineering, and financial services—including banking and insurance.

I should like to take this opportunity, Mr. President, to share with my distinguished colleagues some graphic representations of the changing nature of our trade with Japan. What we have before us is an opportunity to compare some specifics. Over an extended period of time we have seen about six action plans that have been announced by Japan in cooperation with our Government since January 1982, and I would refer, Mr. President, to charts on my left, charts A and 2 specifically.

I would ask, Mr. President, that you notice that action and trade package plans seem to have a rather unique rhythm to them. First, we saw the trade package announced in January 1982, a second trade package in May 1982. We had several trips to Tokyo to discuss implementation of the measure, and then in January 1983, we saw a third trade package, and those all preceded the first Reagan-Nakasone summit meeting of November 1983, when the question of market access in Japan was noted and highlighted.

In other words, Mr. President, the accessibility to markets in Japan was our major concern.

A fourth package was announced as I indicated in October 1983, which preceded the President's meeting in Tokyo later on. The fifth package appeared shortly before a visit of Vice President BUSH to Tokyo, in May 1984. The most recent report of the Maekawa Commission was announced just before the Reagan-Nakasone summit at Camp David this last April. We had intermediate meetings, of course.

I would leave it to my distinguished colleagues to draw conclusions from this chart about the relationship between Japanese proposals and the diplomatic bargaining that took place at the meetings.

Next, Mr. President, I call your attention to chart B, which details the growth in our current account deficit dating back to the time of the first action plan. The current account balance refers to the net balance of international payments. It is the sum total of all types of trade, including goods, services, and investments. In 1982, the current account deficit was $15.8 billion. Now, 5 years and these six action plans later, our overall deficit in trade with Japan has tripled. Today, this figure is $45.2 billion. It is anticipated to exceed $55 billion in 1986.

So the point, Mr. President, is that in spite of the efforts, the meetings, the conversations, and the written record we have seen the trade deficit increase dramatically over a short period of time.

Now, included in these figures is the disturbing increase of our deficit in service trade with Japan. You will see this on the last chart, chart C. The service trade includes insurance, banking, brokerage, utilities, transportation, diversified and other financial services.

I would ask that you note over the past 3 years we have gone from a service trade surplus of $1.3 billion in 1983 to a deficit of $1.8 billion in 1985. Between 1984 and 1986, the deficit in service trade increased 166 percent.

Well, Mr. President, it is obvious that the charts show little progress in our trade with Japan. Not only is there a serious continuing deficit in our trading relationship with Japan that extends beyond trade and manufactured goods and now to services, which is the fastest growing and most productive part of our economy, there is also a disturbing pattern of response to this shift on the part of the Japanese Government.

Mr. President, as I have noted, for some time we have had this deficit in our trade of manufactured goods with Japan. Now we have seen that we have an increasing debt in our service trade. And for the first time in 74 years the United States has become a debtor nation. Basically, there is more foreign ownership in the United States today than there is United States ownership overseas.

I commend Prime Minister Nakasone, who has sincerely tried to address this problem. He has been responsive in indicating that the Japanese economy must turn around and be a greater consuming nation and consume more within their country and export less. But the Japanese private sector and the Japanese bureaucracy have not cooperated, and this is a subject to which Congress I think must pay greater attention. We must have the same access to Japanese markets as Japan has enjoyed in the United States.

□ 1140

Mr. President, on Thursday I am going to be requesting a special order to review the specifics on insurance, banking, and construction that came out of the hearing which was held earlier this week. I think that what we must address is appropriate corrective action, and I would propose to do that at a later time, under a special order.

I think one can make the case quite clearly that we have been debating the seriousness of this matter for an extended period of time. We have reviewed in each case when a summit meeting was about to be held the reality that something must be done. But make no mistake about it: The facts speak for themselves. We have made very little progress to date.

Mr. President, I ask unanimous consent that material on the Japanese action plans I have referred to be made part of the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

January 1982, first trade package announced.

May 1982, second trade package.

June-November 1982, several staff level trips to Tokyo to discuss implementation of these measures.

January 1983, third trade package. First Reagan/Nakasone Summit. Need for market access in Japan noted.

October 1983, fourth trade package.

November 1983, President Reagan visits Tokyo. Launches an intensive effort to address major bilateral trade issues. Vice President Bush coordinates for U.S.

January-April 1984, followup negotiations.

January 1984, NTT Agreement renewed.

April 27, 1984, fifth trade package. Addresses several key issues.

May 1984, Vice President Bush visits Tokyo. Welcomes package but notes we have a long way to go. "Yen-dollar accord" announced.

January 1985, Reagan/Nakasone Summit in California. The sectoral initiative launched.

January 28-29, 1985, Undersecretarial delegation visits Tokyo to begin sectoral negotiations.

June 25, 1985, tariff cut portion of the Action Program announced.

July 30, 1985, Action Program announced in detail.

October 15, 1985, measures to stimulate domestic demand in Japan announced.

January 1986, joint report on Med/Pharm Moss issued.

April 7, 1986, Maekawa Commission Report made public.

April 8, 1986, further steps to stimulate domestic demand in Japan approved by Cabinet.

April 12-14, 1986, Reagan/Nakasone Summit at Camp David.

May 4-6, 1986, Tokyo Summit.

May 8, 1986, transportation machinery Moss announced.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 12 noon, with statements therein limited to 5 minutes each.

Mr. MURKOWSKI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

□ 1150

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Tennessee is recognized.

SDI

Mr. GORE. Mr. President, my last two speeches on the subject of the Strategic Defense Initiative have covered two aspects of its cost: First of all, its cost effectiveness, that is, its cost relative to possible Soviet countermeasures, and second, its absolute cost in dollars and cents as best we can estimate it at the present time. My comments today will deal with a third approach to the issue of cost: opportunity costs; that is to say, the value of those things which this country might lose, if the President insists upon pursuit of the Strategic Defense Initiative as a supreme value.

I am speaking here, of course, about the possibility that we might lose not only the chance to work out certain specific kinds of arms control arrange-

ments during the balance of the Reagan administration's term, but of the possibility that we will lose important arms control options even in the next administration. Just a few days ago, for example, the Soviet Union surfaced a new initiative in Geneva—one which was reported in some detail by the press. According to these press accounts of this proposal, what the Soviets have said in essence is: First, our position until now has been that there can be no reduction in offensive strategic weapons until the United States agreed to give up any kind of defensive research relating to the Strategic Defensive Initiative; second, the Soviets are saying we are prepared to alter this approach by allowing deep reductions in offensive forces, 50 percent reductions, if the United States will agree to first tighten up certain vague provisions in the ABM Treaty, and second, guarantee that the ABM Treaty will remain in force for a period on the order of 15 to 20 years.

So far, there has been relatively little public discussion of this development, mainly because the President's decision to get rid of SALT limits has preempted everyone's thoughts. And, of course, we are now going to have a battle in both Houses of Congress to get the President to change his mind about SALT. But it would be a mistake—even in the midst of all this—to lose sight of the potential importance of what the Soviets have said.

Naturally, the latest Soviet proposal could prove to be hopelessly unworkable: Whether in terms of the details about offensive reductions, in terms of how to rework portions of the ABM Treaty, or in terms of the length of the guarantee they want written into the treaty against its sudden abrogation. In my opinion, however, what matters at this point is that the basic structure of the Soviet proposal is—for the first time—correct in general principle.

The Soviet proposal generates powerful questions that go to the heart of the negotiating problem. The administration is being asked to weigh its priorities. Would the United States, if we really want deep cuts in strategic offensive forces, be prepared to pay in the form of at least temporary constraints on the Strategic Defense Initiative?

We might respond to this proposition with all sorts of questions, designed to establish whether cuts in offensive forces would be fair, and whether constraints on the Strategic Defense Initiative would be reasonably designed so that important research could still be pursued. But to ask these questions at all, we will have to express more than mere curiosity, or there will be few answers. We will have to express a willingness, if the conditions are right, to have the Strategic Defense Initiative placed on the bargaining table, placed there not just for purposes of explaining it to the Soviets, but for purposes of trading constraints on SDI for deep cuts in offensive missiles.

That issue is likely to split this administration down the middle again. Moderates will want to find out where this line of inquiry could take us, while those for whom SDI is the ultimate value, will want no part of anything that could lead to restraints. Already, the Secretary of Defense has let us know which side he is on; he objects to any proposal that would limit SDI in any fashion. And lately, to judge by the President's decision on SALT II, the Secretary's track record at getting what he wants has been improving.

If this latest Soviet proposal is rejected out of hand, then we would be right to count, among the costs of SDI, the opportunity to do serious arms control during the remainder of President Reagan's tenure. And as for the time beyond, much will depend upon how other aspects of the President's policies play themselves out: Whether the decision to do away with SALT limits is carried out in the fall; whether that destroys chances for progress at the next summit, if, indeed the summit goes forward; whether a new round of United States-Soviet arms competition gets underway at levels of weapons well ahead of today's; and whether the ABM Treaty, already weakened during this administration, survives to its end as an effective document.

Worst case outcomes to all these questions are not at all unthinkable. How could they be, when some of the best talent in this administration is working hard to bring them about? And should this be the case, then, among the opportunity costs for SDI, we might be entitled to count the chance to pursue any arms control at all, even were the present administration to be followed by one fully committed to such an effort.

Mr. President, I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

AN AMERICAN SUCCESS STORY

Mr. PRESSLER. Mr. President, I recently had the distinguished honor of addressing the graduating class of the Vietnamese-American Entrepreneur Training Program [VETP] at Georgetown University. The 42 graduating students, along with their instructors, should serve as an inspiration to all of us.

The goal of the Vietnamese-American Entrepreneur Training Program is to build on the experience and education of new immigrant Americans by training these individuals to enter the mainstream of American business and generate opportunities for others. Most of these students have been well educated in Vietnam, but lack the understanding of how to transfer these skills to American business. Through this bilingual program, students are able to learn approximately 1 year's worth of material in 4 months. They are instructed in accounting, finance, marketing, and taxation for small businesses.

Equally important to this program are its sponsors—the people and institutions that care enough to reach out and help these special Americans. I want to commend Georgetown University for sponsoring this one-of-a-kind program, and the Fairfax County Department of Manpower Services and Howard University's Small Business Development Center which have provided funding and support for the Vietnamese-American Entrepreneur Training Program. The people at these institutions have made a difference. Because of their involvement, these new Americans will receive valuable training making it possible for them to own a small business.

Mr. President, one man in particular deserves a lion's share of the credit for this program. Pho Ba Long, the VETP director, is that man. I met Pho Ba Long in 1967 while I was serving in Vietnam. He was then dean of the School of Business and Government at Da Lat University. He and his family came to America in 1975 and have truly become an American success story.

Long's wife Clare has a master's degree in business administration. His oldest son, Hong-Phong, will graduate from Georgetown's School of Foreign Service this spring. Le Thu graduated from Marymount College and is beginning a job at the Department of Commerce shortly. Hong-Lan, the third son, will graduate from the U.S. Air Force Academy next May. Hong-Quant is in his second year at the University of Virginia studying engineering. Long-Chau and Hong-Ming, the youngest two children, are 16 and 13 years old. This is an impressive educational background for any family. Yet, the Longs achieved this against great odds—the children did not speak English. They had to master the difficult English language and adjust to a new culture.

Pho Ba Long's total dedication to the VETP Program can be seen in a recent letter he wrote about the program. I ask unanimous consent that Pho Ba Long's letter be placed in the RECORD at the conclusion of my statement.

The people and institutions which have devoted their time and talent to the Vietnamese-American Entrepre-

neur Training Program receive little recognition for their services. That is why I wanted to take this opportunity to pay tribute to them. The Vietnamese people have a proverb, "If the people are rich, the country is strong." And as one of the students said at graduation, "Together we and our friends are making our people rich, ourselves rich, our community prosperous, and this country stronger."

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

A LETTER FROM PHO BA LONG, VETP PROGRAM DIRECTOR

Researchers have emphasized a number of qualities that distinguish entrepreneurs from the general population and even from professional managers. Such qualities seem to be most apparent in the need for achievement, the willingness to take risks, the high degree of self confidence and the need to take refuge from any various environmental factors.

Professor Russel M. Knight of the University of Western Ontario has identified a number of environmental factors that "push" people to found new firms and labeled such entrepreneurs as "refugees". Knight recognized the foreign refugee, the corporate refugee, and other refugees such as the parental, the feminist, the housewife, the society and the educational refugee.

Among foreign refugees there are individuals who escape the political, religious or economic persecutions of their homeland to more democratic countries. Frequently, however, such individuals face discrimination or handicap in seeking salaried employment in their country of asylum. To safeguard their quest for freedom and independence many decide to go into business for themselves.

Starting from this identified need for "refugee entrepreneurship" CIPRA, under the guidance of Rev. Harold Bradley, initiated the VETP pilot program in the fall of 1984.

Rev. Bradley's great merit in creating this program can be seen in parallel with Abraham Lincoln's principle of government by the people, of the people and for the people. (It is interesting to note that most East Asian people are imbued with this "doctrine of the three principles of the people" that they attributed to Sun Yat Sen, the Father of the Republic of China).

Rev. Bradley picked an old teacher among the refugees from Vietnam, suggested to him that he write a proposal to the Small Business Administration, assisted him in conducting an assessment of needs within the refugee population in Metropolitan Washington, provided him the support to apply the controversial bilingual method of instruction, and most importantly, accorded him confidence by delegating the entire training and management of the program to its refugee program director and his refugee instructors.

Thus, this training program for refugees, by refugees, and of the refugees themselves, derives its uniqueness from the essence of Lincoln's democratic principles.

However, a second story has developed. Within a year, and with the third consecutive session, the program expanded to become a people to people movement within Georgetown University and the Washington metropolitan community.

American businessmen and professionals, joined by refugee business owners, participate in the training process. Corporate Vice Presidents, field reps, franchisors, bankers and attorneys, seem to enjoy speaking at weekend seminars. This has been a most valuable contribution to the program.

Almost imperceptibly from two Georgetown University Master of Business Administration (GU-MBA) student volunteers who devoted a few hours a week to assist the twenty odd refugee trainees in the pilot program, the number of volunteer consultants has swelled to seventeen. This represents fifteen percent of the GU-MBA student body who each Saturday, for fifteen consecutive weeks, provide one full classroom hour plus unknown counseling time.

In my twenty-five years of teaching, and eleven years of refugee work, I have never enjoyed such a moment of quiet satisfaction as to contemplate the moving sight of bright, successful Americans committing themselves to work with the newest of their fellow citizens.

Lincoln's democratic principle seem to embrace the young and the new Americans, not only in government, but in the universal convergence of humanity predicted by Teilhard de Cardin!

CONGRESSIONAL CALL TO CONSCIENCE

Mr. LONG. Mr. President, I am pleased again to have the opportunity to participate in the Congressional Call to Conscience vigil on behalf of Soviet Jewry.

On a number of occasions, I have spoken to this body of the desperate situation of Yuli Kosharovsky, a refusenik I adopted. A radio electronics engineer and a teacher of Hebrew, Yuli has been denied permission to leave the Soviet Union since 1971. During that time he has been the target of unrelenting intimidation and harassment.

At this time, I would like to take the opportunity to inform my colleagues of the plight of another refusenik, Boris Agarkov. Boris visited Israel in 1966 as part of a four-man Russian delegation but when he and his family applied for a visa to go and live in Israel this was refused. Both Boris and his wife, Geralina, lost their jobs as a result of the request. Boris did work for a short time delivering railway tickets but was, until recently unemployed again. Besides financial worries, Boris and Geralina have additional cause for concern since their son Dimitri will no doubt have to join the army when he finishes college.

Dimitri suffers from a gastric ulcer. He did well in his course on water supply for railways. He was not, however, allowed to complete the course and was expelled in early 1985 as a "backward student" because of his marriage to an American.

In March, Dimitri applied for an exit visa but was again refused. His wife was not allowed to enter the country to visit him.

Boris, after months of unemployment, has found work at their garage. He does other jobs when he can in order to make enough money for his family and him to survive.

Geralina has a condition and her health continues to deteriorate. In March of 1986, visitors reported that she was confined to her bed after a serious attack.

It is essential, Mr. President, that we not let ourselves forget about the plight of people like Yuli Kosharovsky and Boris Agarkov. We must continue to pressure the Soviet Union to abide by the Helsinki accords and let these individuals and their families emigrate.

UNDERCOUNTING NATIVE AMERICANS

Mr. CRANSTON. Mr. President, in our society we raise our children to "count for something." In parts of the country, children are enjoined from being "no-count." And no one wants to be a part of the uncounted masses.

Because so much depends on our census counts, we, of course, want them to be accurate. Census data is very important in many ways, not the least of which is in determining a State or locality's share of funding for those Federal programs aimed at target populations. Undercounting target groups in the census can cause great hardships among those who depend on the Federal funding services these programs provide.

One important example is the allocation of the very limited funds available for health care needs of American Indian population. At best, the amount provided has never been adequate to meet the basic health needs of our Native American population, who suffer from health problems as servere as any identifiable group in our population. For example, the death rate of Native Americans from pneumonia is 14 points higher than the general population and the rate for tuberculosis is 7 times higher.

While working to improve the health programs that serve California's Indian population, I have long suspected that the BIA Indian service population in my home State is significantly undercounted.

California has, by any count, more Native Americans, members of more different tribes, and more reservations or rancherias than any other State.

By undercounting this population, officials have denied it a fair share of the available funds for health care.

Some official confirmation of my suspicions is found in a document which recently came into my possession. This internal memo from then Assistant Secretary of the Interior for Indian Affairs, Ken Smith, dated January 1984, was sent to the Sacramento Area Director of the Bureau of Indian Affairs. Concerned about the problem of undercounting, the memorandum

orders the BIA area office to undertake a total reassessment of the California BIA Indian service population estimates to assure use of the on or near reservation concept.

As often happens in the Federal bureaucracy, the Assistant Secretary issuing the directive is gone, and the problem remains.

Mr. President, as encouragement to the new Assistant Secretary for Indian Affairs, Ross Swimmer, and to my colleagues on the Select Committee on Indian Affairs and Appropriations Subcommittee on Interior and Related Agencies to rectify this situation, I ask unanimous consent that the memorandum dated January 31, 1984, be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

[Memorandum]

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, DC, January 31, 1984.

To: Sacramento Area Director.
From: Assistant Secretary—Indian Affairs.
Subject: California Service Area Population Count.

There has been brought to my attention a concern that the BIA Indian service population in California may be significantly undercounted. If this is true, certain individual Indians may not be receiving BIA services to which they are entitled and tribes may not be obtaining funding from the State of California or other Federal agencies for which they qualify.

As you know, the Bureau justifies many of its requests for appropriations on the basis of Indians living on or near reservations, except for those residing in the states of Alaska and Oklahoma. Annually, we develop a Bureau report on "Indian Service Population and Labor Force Estimates." It is my intent that in the future we are certain we are providing California data for this report and related purposes on the same basis used in other parts of Indian country.

Therefore, I am directing that you undertake a total reassessment of the California BIA Indian service population estimates assuring use of the "on or near reservation" concept. For overall guidance you are to follow that provided in the social service regulations under 25 CFR 20.1(r). More specifically, it has been recommended, and it is my belief, that in must instances the "near reservation" population in California could well be defined as they located within the county in which the reservation or rancheria is located. However, it is recognized this may not be a realistic approach in all instances, and therefore you should feel free to use more appropriate factors where circumstances dictate. In either case, it is important that there be a clearly documented definition established for each Federally recognized group within the state.

In undertaking this exercise, I cannot emphasize sufficiently the importance of working closely with the tribal governments to achieve as accurate a count as possible. Work on this should commence immediately and be concluded as soon as possible, although I'm reluctant to estalish a specific date in view of the large number of tribal groups with which you must deal. I am, however, asking for a bi-monthly progress reports commencing 3/1/84 to be sent to this Office, Attention: Chief, Division of Tribal Government Services.

The efforts of you and your staff in giving this matter priority consideration is appreciated.

KEN SMITH.

ANATOL MICHELSON: THE TRAGEDY OF THE DIVIDED SPOUSES

Mr. DOLE. Mr. President, tomorrow at 11 a.m., at the Embassy of the Soviet Union, a fine man will show his love and commitment to a wife and daughter he has not seen in three decades.

Thirty years ago that man, Anatol Michelson, fled the Soviet Union in search of freedom. A prominent scientist and inventor, Michelson—like so many other creative people over the years—found he could no longer tolerate the oppression and intellectual sterility of the Soviet state. To survive, he had to be free.

While on a trip to Western Europe, he decided to remain in the West, where he could breathe the fresh air of liberty and contribute to mankind in a way commensurate with his vast talents.

Not surprisingly, the Soviet state responded to this brave man's desire to be free in the manner calculated to hurt him the most. It denied to his wife and child their right to join him in the West, as they wanted. Their refusal has persisted for 30 years, through cold war and détente.

Meanwhile, Anatol sought to build a life for himself. He came to the United States in 1963 and established his home here. He became an American citizen, eventually settling near Sarasota, FL, where he continues to make his home. His talents made him a prominent member of our scientific community, and he counts among his many accomplishments more than 20 patents.

But through all these years, Anatol's No. 1 goal was to win freedom for his wife and child—to reunite with them in this, his chosen country.

There have been many efforts over the years to assist Anatol in winning freedom for his family. Many in the Senate and in the House of Representatives have urged the Soviets, through letters, telegrams, and personal representations, to allow the Michelson family to leave the Soviet Union to no avail.

Through all these years, and to all the pleas, the Soviet state has given a simple and brutal answer: Nyet—no, no to Anatol Michelson's requests, no to his family's rights, and no to the simple justice of this case.

Tomorrow, Anatol Michelson will again request the Soviets to grant his family their rights and let justice be done. He will go to the Soviet Embassy at 11 a.m. and stand in silent vigil for 3 hours. He is not going to get arrested and make headlines—he will stay far enough away from the Embassy entrance to meet the city's code. He will be there, instead, in the hope that there is enough humanity left in the Soviet system to respond to his presence with some message of hope.

I hope that many of my colleagues will have the time to go by the Embassy and lend their support to Anatol. His cause is the one we always espouse on the floor of the Senate. It is the cause we always espouse in our speeches. It is the cause we seek to serve in our public careers. It is the cause of freedom and human dignity.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2 p.m.

The Senate, at 11:59 a.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. COCHRAN].

□ 1400

TAX REFORM ACT OF 1986

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 3838) to reform the Internal Revenue laws of the United States.

The Senate resumed consideration of the bill.

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

MOBILE REGISTER

Mr. DECONCINI. Mr. President, I want to address for approximately 2 minutes something that does not deal with the tax bill, but to me is most reprehensible. It is an editorial dated the 6th of June in the Mobile Register, Mobile, AL. The Register printed an editorial that is one of the worst pieces of newspaper editing that I have ever seen. It criticizes a distinguished colleague of this body and a former supreme court judge of the State, Senator HOWELL HEFLIN. I have written a letter to the editor of that newspaper for the purpose of calling to their attention just how in poor taste this is.

I am well aware of the freedom of the press and the right of the press to express themselves. I will not take the dignity to include in the RECORD a copy of that editorial. But I do want to share with my colleagues on the RECORD my letter, dated today, to the Mobile Register.

The letter is as follows:

JUNE 10, 1986.

DEAR EDITOR: To say the least, I was extremely disappointed to read your editorial of June 6, 1986, on the vote of Sen. Howell T. Heflin in the Senate Judiciary Committee on the nomination of U.S. Attorney Jefferson B. Sessions III.

The Mobile Register's vicious personal and thoroughly unwarranted attack on one of the finest and fairest men in the United States Senate is a disservice to Howell Heflin, to the fine citizens of Mobile, and to the excellent reputation of the Register.

As a Western senator with a conservative voting record I do not think my constituents or colleagues in the Senate consider me a member of the liberal eastern establishment. In fact, I have voted against the more liberal senators on the Judiciary Committee many times on issues such as right to life, death penalty, school prayer, and busing.

I opposed Mr. Session's nomination because I did not believe that all the citizens of Alabama could appear before Mr. Sessions and be confident that he would be fair and objective. I think your analysis of Session's nominatioin ignores the facts presented to members of the Judiciary Committee.

Jefferson Sessions testified he made insensitive remarks and then contradicted his testimony in a prepared and very self-serving statement. Under subsequent questioning, he reaffirmed his own damaging testimony. Sen. Heflin knew these facts because he attended every minute of the testimony presented both for and against Mr. Sessions. Howell Heflin came up with his own independent judgment. He cast his vote in what he felt were the best interests of the citizens of Alabama. To ask the people of Alabama to believe otherwise is slander.

Sincerely,

DENNIS DECONCINI,
U.S. Senator.

I might say that same editorial made reference to another fine Senator in this body, Senator KENNEDY, as if he had some magic over Senator HEFLIN, and anyone else. I refute that. I think it is in poor taste. I hope this newspaper will have the courage to print at least one other opinion on this particular vote in the Judiciary Committee.

Mr. SIMON. Will my colleague yield?

Mr. DECONCINI. I am glad to yield.

Mr. SIMON. I simply want to associate myself with the sentiments of the Senator from Arizona. It is one thing for the newspaper editorial to, say, agree that somebody is wrong. That is perfectly proper. But to use terms like "traitor," to compare someone to Benedict Arnold, that is going far, far beyond what is just common sense and what the political dialog ought to be.

I commend my colleague from Arizona for what he has written to that newspaper.

TAX REFORM ACT OF 1986

The Senate continued with the consideration of the bill (H.R. 3838).

Mr. WALLOP addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. WALLOP. Mr. President, the Senate now is apparently on the threshold of undertaking the first amendment to the tax reform proposal.

Let me begin by saying I am very proud to have been one of the first four members of the Finance Committee that agreed to push forward with these proposals. I agree with all of my colleagues who have praised it, and almost universally everybody has. Some have expressed momentary reservations about one or another provision of it, while praising the bill and its concept in its entirety.

The bill merits our approval. It offers historic low rates, the lowest in 60 years. The bills low rate is a great experiment, one which we once undertook in this country and abandoned in the course of time. Wars, and other things took greater and higher precedence. But it will allow people to reach their highest potential without feeling that they are in partnership with the Internal Revenue Service or having their every economic decision determined by the Internal Revenue Code.

Their money, their own hard-earned money, will chase their own economic decisions and not the decisions of the Finance Committee or the Congress of the United States. The bill removes something in excess of 6.5 million of the working poor from the tax rolls—not welfare people, but those whose earnings keep them at or near the poverty level.

It seems inconsistent with logic and fairness that those people would be paying taxes, income taxes, to the U.S. Government. In that, and in other ways, it provides new levels of fairness and for some—indeed most—new simplicity.

There is a "Factoid" loose in town, Mr. President, an interesting little thought that everybody kept repeating and nobody examined it; that is, that simplicity and fairness were at opposite ends of possibility. That complexity indeed was essential for us to achieve fairness. Upon examination really it is precisely the opposite—that complexity is the enemy of fairness, complexity is the thing which makes it possible for the powerful amongst us, those with enough money to hire batteries of tax lawyers, accountants, and computing capabilities to do their taxes 17 ways from Sunday and come up with the one economic situation that best suits them.

For the average American, the average small businessman, the average person who goes to do his taxes, hunkers down in mortal fear that the complexity is going to get him audited, going to get him in trouble for a circumstance that he could not have anticipated and did not mean to accomplish, the sense of unfairness came directly out of the complexity of the old code.

So in that I think we have added new elements and concepts of fairness. The bill does respect the special capital needs of the natural resources industry, and it ought to. It protects the cost of capital which is an important factor in the ability of America to produce a competitive product with those from abroad who compete with us both at home in our own market, and in the markets that we seek to penetrate overseas in that it adds to that the ability of America's workers to produce, and to the certainty of their jobs; and in that it adds to the strength of America to address the trade imbalance. Agriculture and small business are well protected from the burdens of the bill, and yet they will benefit from radical reform.

Mr. President, let me add my congratulations to the chairman for his leadership, and his perseverance. Indeed, the chairman will tell you that for a time I was doing everything within my reach to prevent the forward motion of the product that we had been laboring on in the Finance Committee for such a long time.

□ 1410

It had none of the three legs of the President's tax reform stool of simplicity, fairness, economic resilience that his proposal for tax reform suggested ought to be there. Indeed, we had testimony from economists who had said that what we were working on would add to the trade deficit, decrease the standard of living, increase the cost of capital, decrease America's ability to compete.

The only thing that it was going to do was add slightly to the employment of the United States because everybody working under the bill that we were working on was going to have to work a couple of hours a week longer just to stay even.

That was the kind of prospect we were facing.

As we watched, and it was fascinating, the proposal being prepared through the committee process, the country and the country's press began to say that the special interests were taking over. Nothing could have been more predictable. They were not special interests. They were people desperate to try to find some means to survive under the proposals that were in front of us.

We had not reduced the taxes enough to make it possible to eliminate some of those shelters. The tax rates we were talking about for business and individuals were too high to attract a sense of fairness by closing those down.

Mr. President, I came from the ranching business, and one of the things that I happen to liken tax reform to is a pen full of fat steers. Fifty you cut out and send to market.

Fifty stay behind on feed and water. That 50 that had just been cut out had the anxiety to get back in. It was legitimate.

There was reason for those so-called special interests to get back. Incidentally, those special interests included the State Governors Association, county commissioners, municipal officials, as well as some of America's business.

How could the representatives of those interests go back home and justify to the people who asked them to keep their eye on the work back here that, "We are out and everybody else is in, and I have done a good job for you."

The point of fact is they could not for the simple reason that the bill was more complicated and had not reduced the rates in such a way to make it possible to go home and say, "I ask you to give up your tax treatment in favor of your new tax rate."

That was the early proposal.

The House bill, I would remind you, Mr. President, with people saying that the House passed tax reform. The House did not do any such thing. There never was a more dead body than that which came out of the House. It was defeated twice on the floor. The President came by and asked people to give him their vote on his absolute promise that if that was the product, he was going to veto it.

I ask anybody what life there was in that critter. It would not stand on the certain guarantee of the President of the United States.

They had higher rates in there, $150 billion to $180 billion in new taxes for American businesses, at a time when we are saying to American business, "We are going to protect you so that you can compete with the Japanese and the Europeans." Some protection, $145 billion in new taxes and no low rates.

Well, the answer to that, Mr. President, was that the House practically speaking did not broaden the base. They promised to make the American economy and the American workers less productive and less competitive, reducing the standard of living and reducing the desire of Americans to get ahead.

Throughout the hearings and the early part of the markup, I attacked the proposals because they were merely shifting tax burdens from one group to another. The early proposals were not radical enough to develop a constituency. Radical reform of the type we have here required low rates, making tax preferences less valuable and less worthy of defending.

Then came the turning point. The process had almost died under the weight of the lobbying opposition and the voter indifference to it.

Mr. President, nobody in Wyoming was writing to me in those days saying, "Please, let us have tax reform." They were all writing me saying, "Do not do that. Go home, let us learn to live with the Tax Code changes you have put on our backs for the last several years. Let us do that. Just go home. Stop it."

Well, as I said, there was no constituency. Then the chairman called some of us together and said, "Let us try the low-rates approach, Kemp-Kasten, Bradley-Gephardt, and others having dabbled around the outside edges. Let us see if there is that constituency that might develop."

We started with a 25-percent rate which ultimately grew to 27 percent. But, Mr. President, if you will recall, that weekend when the chairman trotted out the bill, Mr. Brockway, of the Joint Tax Committee, was called upon to explain it. It was a very shy embrace because there was, and the administration, in fact, was behind it as well, a certain sense that if we suggested rates as low as 25 percent we would be laughed out of town because the American people would think we were favoring big business, the rich, and everything else.

What the American people thought was about what I predicted the American people would think. "That sounds fair. That sounds simple. I will go along with that." And they did so because they innately recognized that while the maximum tax rate was 50 percent, nobody was paying it. Two or three dozen folks in America may have been paying the full tax rate, but what the Tax Code was doing was providing us the means by which we paid lower taxes, through tax preferred activities. That is not an efficient way to develop the economy of the country.

That could be efficient in accomplishing certain things over a period of time, but the problem is you cannot withdraw those tax preferences once they have served their purpose. Those provisions develop a constituency that feels it cannot live without, its preference. And we cannot remove them unless you do what the chairman has suggested that we do, and the committee has gone along with, reduced the rates, so that people can take a look and see their new tax treatment in light of their new tax rate.

If Americans knew how to focus back on the old rates, there is no way that we could suggest getting rid of some of these loopholes and some of these preferences that have developed over the years.

Well, the constitutency blossomed overnight. The low rate provided the incentive to do radical reform, and they are low enough to allow people to give up some of their preferences and some of their shelters.

The low rates also give us another benefit: They reduce the fallout from unanticipated or unforeseen mistakes which will necessarily exist.

Even though I am a member of the core group of the Finance Committee which joined Senator PACKWOOD to design the main structure of this bill, I cannot stand here and tell you or the American people that this is the perfect tax bill, that there are no distortions in it, there are no small elements of unfairness.

I cannot tell you, and would not tell you, that we will never have to address the tax laws again or that there might not need to be a number of adjustments sometime next year as we see it unfold and as it is applied to the American economy. The bill has blemishes. Many would be intolerable if it were not for the low rates.

The Finance Committee, for example, removes the capital gains differential, which to my mind is a mistake. Investment gains deserve special treatment to make sure that new ideas are encouraged and developed and that the related risks are taken.

This is a country that thrives on growth, seeks entrepreneurs, seeks risktakers.

We are on the close edge of discouraging risk taking. I think we are on the really close edge of discouraging entrepreneural risk taking because the safe side is treated the same as the risky side.

In addition, the capital gains differential is important to assure that the Government is not taxing the inflation created by our own policies. I feel that the removal of the differential is based on two misconceptions. First, we are told that an increase in the rate of tax on capital gains will raise money. We have proven again and again by the capital gains tax cuts of 1978, and 1981 that if you want to raise money out of the capital investment segment, you decrease, not increase, the tax rate.

The other misconception on which we base the capital gains repeal is that we are bashing the rich by raising the capital gains rates. It was clear to me that the committee decision was made to assure a distribution table of which the committee could be proud. That is a legitimate concern, Mr. President. I would like to have tried to do it another way, if I had been a committee of one. But it is a legitimate concept in the selling of the new Tax Code to America that the distribution table does not show disproportionately high rates of tax reductions going to the very wealthy of this country.

□ 1420

In fact, I think the rich will continue to invest. A top rate of 27 percent is the best thing they have seen in years. It seems to me that the removal of the capital gains differential is most likely to impact new capital formation, new ventures entered into by new entrepreneurs. They are, after all, the ones

taking the risks that will continue to make America a leader in technology and innovation.

I am deeply worried about the impact of the removal of the capital gains differential, and this is a question we may have to revisit. It may not have adverse effects under the proposed rate structure, but I am certain that if the rates were to be increased, this would result in a major flaw which would merit the defeat of the bill.

Another blemish is the staggered effective dates. This bill repeals deductions effective the first of the upcoming year and lowers the rates effective in June 1987. This results in neither an equitable nor an honest transition to radical reform.

In fact, many taxpayers will suffer from a one-time tax increase in 1987 when the 6-month gap comes along. The suspicious among them may think that Congress succeeded in pulling the wool over their eyes by giving them the tax increase they knew was coming. Indeed, if we use the tax revenue blips in the early years to avoid our responsibility to comply with Gramm-Rudman-Hollings, they will be proven correct. It is my hope that the numbers can be juggled enough to align both the rate reductions and the repeal of deductions.

Another timing concern is the impact of the changes on existing investments. It is clear that past decisions, based on the law at that time, will be impacted by the new provisions, sometimes harshly. As we complete this bill, we need to assure reasonable transition rules which will protect those that have relied on our past taxing efforts completely and wholly within the law.

There are other blemishes but the benefits to be derived from the tax reform bill before the Senate today greatly outweigh the burdens—so long as the rates do not rise.

There are obstacles to doing a better bill at this time—the reach of tax reform was restricted by our revenue-estimating capability and our inability to admit that economic and free market forces will react to the changes we make in the tax law.

My own feeling is that when Americans and American business get a reach into the new Tax Code, their own activity in the economic sector of America will generate a great deal more revenue than we are forecasting because we forecast only in the most static of arenas. We take no account of the dynamics of American economy and the resilience of the people, which is, in effect, a measurable thing if only revenue estimaters would take a look at the historical experience of certain tax changes that have been within the last 20 years; within indeed, the last 50 years.

By adhering to static revenue estimates, we limit our imagination and our grasp. In addition, it appears we are still somewhat fearful of genuine reform; we are unwilling, at this time, to reach for truly low rates; we are unwilling to make a commitment to true base broadening on an individual level. As a result, we limited our reach. If the experiment works we should come back in a few years and enact the remainder of true reform, and include radically lower rates so that base broadening, in the form of eliminated deductions, credits, shelters and preferences, can result in a simpler yet fairer tax law, which would allow economic decisions to be based almost exclusively on economic principles.

The chairman was not able to overcome all obstacles of achieving total radical reform. It is a wonder that he got us to where we are. Perhaps that would be an impossible task given the committee process. He has led the committee to develop a package which is a vast improvement over current law and is worthy of enactment. Had I been a committee of one, it would have been a different bill. Had any other member of the Finance Committee been a committee of one, it would have been a different bill. It is not an individual's bill and it cannot be. It is a committee bill with all that entails in inefficiency but as well with all that it entails in its breadth of support.

So I congratulate Senator PACKWOOD. I urge him to strengthen this tax bill for America, its fairness and its prospects. He will need to assert his strong leadership in conference to maintain an acceptable rate structure. This is the acceptable rate structure. Failure on this issue alone will result in failure of the bill.

One last word, Mr. President. That is a word about the amendments and the process we are undertaking here. There are a number of these amendments which are coming down which are very, very attractive to this Senator's political philosophy: Some are against abortion, upon which I have an unblemished record; some like capital gains, on which I worked with my predecessor, Senator HANSEN, on the Finance Committee; some like the minimum tax, which is an offensive concept to me; some like the real estate provisions which I think work an undue hardship on one segment of the economy; some like those provisions of this Tax Code which do not permit the deduction for real economic losses against real economic income; some like the provision which limits us to the abandonment of the deduction for sales tax alone as opposed to all State and local taxes. Because of hard decisions like these, made at the committee level, we can have significantly lower rates and do more for the bottom level of American taxpayers.

The committee rejected amendments like these because we were a committee, a committee of 20 people representing all regions of the country, representing all kinds of the variety and richness of the American economic spectrum, representing all things which are genuinely diverse amongst us.

What did we come out with? A 20-to-0 vote. No individual's bill on that tax committee could have made a 20-to-0 vote. No individual's bill on that tax committee could probably have achieved the majority on it. It is, in fact, and I stress this, a committee bill. That is why I am going to join with the chairman in opposing amendments to this bill, for the very simple reason that all of us had to give up a lot so that Americans could gain enormously. It would be tragic to lose that opportunity at this moment in time because some of us wanted to indulge one moment's political philosophy at the expense of a real opportunity to restore vitality to American's economy, to restore fairness to America's Tax Code, to restore simplicity for America's taxpayers.

Mr. President, I yield the floor.

□ 1430

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I rise to congratulate Chairman PACKWOOD for this leadership in reporting out one of the most far-reaching tax reform measures in history. There is not any question that the overall bill will make our tax system fairer. It eliminates many of the loopholes to which I have addressed myself over a period of many years, and I am frank to say that I think it does it in a very direct way. Many of those loopholes, about which many of us have been concerned, have been taken care of by broad-based legislation. I say categorically that I expect to vote for the bill if it remains largely intact, and I expect that it will. I also thank Chairman PACKWOOD for his cooperation in responding so promptly to the requests that Senator LEVIN and I made for a list of the transition rules. After reviewing the list, I am frank to say, I am disturbed by the greed level of the special interests. There is page after page of provisions—some of the provisions are four lines, five lines, six lines—exempting one taxpayer after another from tax law changes. And to make matters worse, many of these provisions are not transition rules at all but are in fact new loopholes for the favored few.

On page 1808 of the bill, there is a bill provision entitled "Indebtedness to Repurchasing Stock." Whom does it benefit? According to the list provided

by the chairman, it is Unocal. Now, the fact is that the provision will increase the amount of foreign tax credits Unocal can use to shelter its U.S. income. In fact, it will provide Unocal with more foreign tax credits than it is eligible to receive under current law or the general provisions of this bill. In other words, this is not a transition rule at all. It is a specially carved out provision that gives Unocal a benefit that they would not be entitled to under the present law, would not be entitled to under the bill that is being enacted, but it is a special provision to take care of Unocal. It has to do with their making a tender offer to resist another corporation's tender offer for their own stock.

Mr. PACKWOOD. Mr. President, will the Senator from Ohio yield for just a quick statement?

Mr. METZENBAUM. Certainly.

Mr. PACKWOOD. On the transition rules, I have advised all of the Members who had transition rules in the bill that if they were contested on the floor, I was expecting them to come and defend the merits of their transition rule. So, as the Senator is talking, I just want all of the staff to understand, as they are listening, and Senators, if they are watching, that if yours is one of the mentioned transition rules, they better be alerted to be here in preparation for its defense.

Mr. METZENBAUM. The manager of the bill indicated that same fact to me last night and again today. I respect him for it, and I will advise him now that I do not intend to just call up an amendment without giving adequate notice so that the individual Senator who wants to make an effort to defend it will have adequate time to get here. That does not mean a day or so, because there are many amendments the Senator from Ohio expects to call up for consideration. But I recognize the manager of the bill has indicated that it is the responsibility of the individual Senator who has supported a particular amendment to be here in order to defend that amendment, and I expect to work cooperatively with him.

I might say in that respect so there not be any misunderstanding of the position of the Senator from Ohio, I do not anticipate lengthy debate on most of these amendments, I do not anticipate any delay in moving forward with respect to the enactment of the bill. It is a fact that there are 174 separate entities that are talked about in this list. Perhaps we ought to at this time include the entire list in the RECORD. I ask unanimous consent that the list may be included in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

TRANSITION RULES H.R. 3838 AS REPORTED BY THE SENATE FINANCE COMMITTEE

United Telecom—p. 1502; Times Square Redevelopment—p. 1499; Manhatten, Kansas UDAG project—p. 2404; Kansas independent colleges—p. 2417; General Development—p. 1572; Life insurance company—p. 1926; Cellular telephones—p. 1514; University of Delaware—p. 2371; Delaware Power Light—p. 2406; Mishoe Towers—p. 2409; Poplar Hill—p. 2410; ENESCO—p. 1500; Fiber-optic communications—p. 1502; Arrowhead stadium—p. 2394; St. Louis convention center—p. 2389; Kiel Auditorium—p. 2389; Sverdrup—p. 1500; St. Louis stadium—p. 2393; Missouri UDAG projects—p. 2245; Long Lake Energy Corporation—p. 1500; Ocean State Power—p. 1506; Quonset Power—p. 1511; New England/Hydro Quebec—p. 1506; Barbara Jordan II Apartments 2246.

The Tides—p. 2245; Cafeteria plans (Goldman, Sachs)—p. 2170; Navy ships—p. 1799; Providence Convention Center/Parking—p. 2387; Federal Express Satellites—p. 1513; Outlet building/garage—p. 2245; Alcoa—p. 1503; Philadelphia Electric—p. 1518; Cogeneration projects—p. 1500; Frankford Arsenal—p. 2245; Archibald Power—p. 1500; Strawberry Square—p. 2245; Gilberton Power Company—p. 1500; Allegheny Electric Co-op—p. 1500; Walt Disney—p. 1531; PPG—p. 1504; RCA satellites—p. 1513; Philadelphia Trash-to-Steam—p. 2377; Steel companies—p. 1532; Chester Solid Waste Association—p. 1518; Chanel—p. 1823; Pitt, Temple and Lincoln—p. 2371.

Air Products—p. 1501; Philadelphia Airport Hotel—p. 2401; Laundry detergent plant—p. 1517; Kern River pipeline—p. 1510; Lake Superior Paper—p. 1508; Hennepin County Solid Waste Project—p. 1511; River Place—p. 2378; Minneapolis Retail Complex—p. 2403; Minneapolis Convention Center—p. 2388; General Mills—p. 1764; Hayber Development—p. 2245; Control Data—p. 1999; Northwest Orient Airlines—p. 1519; Arrowhead Springs—p. 2414; Downtown Denver retail project—p. 2404; Kaiser Power—p. 1515; Ball Corp. Pollution Control—p. 2407; Railroad grading and tunnel bores—p. 1525; Continental Airlines—p. 1513; Cimarron Coal Co.—pp. 1585-6; Hellsgate Hydroelectric—p. 1500; Pan Am World Airways—p. 1514; Baltimore Gas & Electric—p. 1519; Agri-Beef—p. 1501; Unocal—p. 1808; FERC rules—p. 1500.

South Belridge Cogeneration—p. 1501; Mojave Pipeline Project—p. 1509; Texas City Cogeneration—p. 1501; Temple Eastex Cogeneration—p. 1515; Bayonne Cogeneration—p. 1501; New York Coliseum Redevelopment—p. 1497; Church pension plans—p. 2166; Physicians Mutual Insurance—p. 1928; CMC/Colt—p. 2681; Vidalia Hydroelectric Facility—p. 1500; CF Industries ammonia plants—p. 1509; Upper Pontalba apartments—p. 2408, 2245; Commercial National Bank—p. 2246; Eastbank Wastewater Treatment Facility—p. 1512; Cajun II coal-fired generating unit—p. 1517; Superdome—p. 1516, 2395; North Sea Development—p. 1740; New Orleans Riverwalk—p. 1499; New Orleans Convention Center—p. 2390; Tiffany Lanes—p. 2395; Pennzoil—p. 1699; Manville Corp.—p. 1699; Sonat—p. 1511; Texaco—p. 1807; North Pier Terminal—p. 2246; Louisiana ESOPS—p. 2682.

Offshore vessels—p. 1520; Valley View Project—p. 1516; Diamond Star Project—p. 1506; Houston Astrodome—p. 2396; Pacific-Texas Pipeline—p. 1505; San Diego/North County Recovery Project—p.1511; Dallas Rapid Transit—p. 2415; Aloha Tower Development Program—p. 2416; Hawaii Multifamily Housing Projects—p. 2410; Supplier service contracts—FERC—p. 1501; World Financial Center/Merrill Lynch—p. 1510; Solid Waste Projects—p. 1511; Viacom—p. 1512; Albany City Center—p. 2391; New York Power Authority—p. 2376; Buffalo Stadium—p. 2397; Avon—p. 1810; New York Metropolitan Transit Authority—p. 1501; Brooklyn Union Gas—p. 1500; Navy Yard—p. 1515; Hydroelectric power—generic rules—p. 1500; New York State Electric & Gas—pp. 1528-9; Personal Holding Companies—p. 2215; Montana hydroelectric/cogeneration projects—pp. 1500-1; Big Horn Cogeneration—p. 1500; Point Arguello—p. 1502.

MCI—p. 1502; Applied Energy Services—p. 1500; Phillips Petroleum—p. 1810, 2134; National Park Historic Sites—p. 2244; Great Northern Nakoosa Pulp Mill—p. 1508; Wood energy projects—p. 1520; Bangor solid waste—p. 1511; Hot Springs National Park—p. 2244; Murphy Oil—p. 1812; Delta Airlines—p. 1513; Greenbrier Leasing—p. 1509; Portland Convention Center—p. 2387; Pioneer Place Parking Garage—pp. 1498, 2400; Mid-Columbia River Power Project—p. 2372; Old Town Parking Garage/Heliport—p. 2401; Portland Urban Renewal—p. 2402; Bonneville Power Authority—p. 2374; Riverfront University Science Park—p. 2404; Cable television—p. 1512; General Motors special tools—p. 1519; Bond pooling—p. 2417; Grand Gulf Nuclear Plant—p. 2406; Mississippi Chemical—p. 1508; Dineh Power Plant—p. 1515; Phoenix Sports Complex—p. 2398; Cox Enterprises—p. 1508.

Dade County Aviation Notes—p. 2377; South Pointe—p. 2405; Orange County Tourist Development—p. 2392; Bayside Center—p. 1498; Jacksonville Landing—p. 1478; Owings Mill Town Center—p. 1499; Harborplace—p. 1498; Baltimore Stadium—p. 2398; Atlanta Underground Project—pp. 1498, 2375; Atlanta Stadium—p. 2397; New Hampshire Post Office Building—p. 2247; Multimedia—p. 1805; South Carolina Medical University Parking—p. 2401; Duke Power Pollution Control Project—p. 2407; Ben Tillman Redevelopment Project—p. 2409; Mount Vernon Mills—p. 2246; Isle of Wight Sports Facility—p. 2399; Dulles Rapid Transit—pp. 1517, 2415; MCA—p. 1531; Rialto Tire Burning Plant—p. 1500; Capital District Energy center—p. 1520; Florida solid waste projects—p. 1511; Toyota plant—p. 1507; Semass—p. 1500.

Mr. METZENBAUM. Now, those who are described in this list are not taxpayers who relied on existing law rules and made progress in initiating a program in reliance on them. That is what a transition rule is, as most of us understand it. But some of these provisions are just plain and simple giveaways to those influential enough to pry an opening into the bill.

Now, many of these beneficiaries still remain anonymous, notwithstanding the cooperation of the manager of the bill. Which insurance company, for example, benefits from the provisions that are to be found on page 1926? Which independent colleges in Kansas enjoy the benefits bestowed on page 2417? What is the laundry detergent plant protected on page 1517?

That list has some listings by more general terms than to name the specific corporation or individual involved.

That information we still need. I am pleased to say that I have heard just within the last couple of hours that Senator PACKWOOD's staff has indicated they will provide us with the dollar amounts and, it is my understanding, the names of the corporations as well in connection with those amendments where the corporate name is not indicated.

There is a provision to be found on page 2215 which has to do with personal holding companies. Which personal holding companies? Members of this body are entitled to know that and we do expect to learn that.

Now, in addition, special interests have found other places to hide in this bill. They will not appear on the list of transition rules released last Friday, and we want to know about some of the provisions that are not listed as part of the transition rules but are to be found, for example, on page 2534 of the bill. Section 1808 of the bill contains untitled subsection C. It reads as follows:

A taxpayer shall be allowed to use the cash receipts and disbursements method of accounting for taxable years existing after January 1, 1982, if such taxpayer (1) is a partnership which was founded in 1936, (2) has over 1,000 professional employees, (3) used a long-term contract method of accounting for a substantial part of its income from the performance of architectural and engineering services, and (4) is headquartered in Chicago, Illinois.

Now, normally we think of tax laws as having a general approach that all people earning a certain amount of money are going to pay certain taxes, or that certain deductions are applicable to all taxpayers. But here is one that talks about 1,000 professional employees, founded in 1936, used a certain kind of method of accounting for a substantial part of its income from architectural and engineering services, and is headquartered in Chicago, IL.

Now, that is only typical of many of the amendments to be found in this bill. I remember looking at one the other day which talked about a corporation whose board of directors met on a certain day and passed a motion indicating its intent to do certain acts. A board of directors met on a certain day and intended to take certain action?

Another one talks about a building to be built, the application for which will be filed on September 4, 2 months in advance, 1986. It has not been filed yet. And there are all of these specially carved out provisions. Some of them may be justified. There may be a reason. There may be logic.

□ 1440

However, Joe Average Taxpayer does not know what that reason is, and Joe Average Taxpayer does not have any opportunity to have a special provision carved out for him or perhaps for his wife. I understand that the Chicago one is a major Illinois company that is currently in litigation with the IRS over its method of accounting.

Page 2432 contains a section entitled "Treatment of Certain Disclaimer." That section provides $132 million in tax refunds to some taxpayers who failed to properly disclaim their interest in property transferred by trust before November 15, 1958. Come now. What is this all about? They failed to take some action 28 years ago, and we here on the floor of the U.S. Senate are being called upon to give them special tax consideration: $132 million in tax refunds? In fact, that provision of the bill, as I understand it, was overturned in a 1982 U.S. Supreme Court case that upheld the IRS's interpretation of the Tax Code.

There are other transition rules that do not appear on the Finance Committee list released last Friday. For example, on page 1505 of the bill, a project involving eight printing presses is protected from changes in the depreciated rules and the repeal of the investment tax credit. Whom does that benefit? Why does it benefit? Did they have special lobbyists? Was there some Senator who wanted to be particularly kind to the project involving eight printing presses? We have no way of knowing? We are entitled to know, and I expect that we will know before this bill leaves the floor of the Senate.

Mr. President, I have sent a letter to Chairman PACKWOOD asking his assistance in identifying the costs of these special-interest provisions and in describing the merits of each; and I have no doubt, as indicated to me a couple of hours ago, that we will soon have that information.

Many of these amendments may have merit. They may have to do with people who relied on existing law in entering into a business transaction. There may be a lot of justification for the amendment. But certainly some do not have merit.

I look forward to working with the chairman and the ranking minority member, the Senator from Louisiana [Mr. LONG], in the days ahead, to pass a tax bill that will benefit all taxpayers equitably and fairly.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistance legislative clerk proceeded to call the roll.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I want to congratulate the members of the Finance Committee and particularly the chairman, Senator PACKWOOD, for their excellent work in reporting legislation which can truly be called tax reform.

Congress has before it a historic opportunity to give the American people a tax system which is more equitable than the current one. I hope the Senate will act expeditiously on this matter, but with caution and with scholarship.

There is no doubt that a major overhaul of the Tax Code is actually needed. Polls consistently show that a majority of Americans believe that the present tax system is unfair and that many wealthy taxpayers use loopholes to avoid paying their fair share—not just wealthy taxpayers, but there are taxpayers in various categories of payments, and certainly that would be true as to categories of business.

Many Americans also believe that the corporate income tax contains too many special preferences allowing large corporations to pay little or no income tax. Congress must restore confidence in government and integrity to the tax system by lowering tax rates for all Americans and eliminating loopholes and shelters used by some individual and corporate taxpayers. Many special interest provisions reward the few at the expense of higher rates for the many. Tax revenues saved by getting rid of these provisions must be used to reduce tax rates for everyone, thereby encouraging the work and investment that we need for long-term economic growth. This must be the goal of tax reform.

There are certain components that I believe any final tax reform bill must contain. For individuals, the bill must truly simplify our overly complex and burdensome tax code, reduce the tax burden on the working people of this country, close loopholes that benefit a privileged few, and be pro-family and pro-savings. For business, the bill must ensure fairness by eliminating or modifying special privileges that are economically unjustifiable and promote business formation and growth by preserving incentives for investment, research and development. I believe the Finance Committee's tax reform bill comes close to achieving most of these goals.

I would first like to examine the positive aspects of the Finance Committee's bill. First, the bill replaces the 15 tax brackets which we now have for individuals with two tax rates—15 and 27 percent. The top personal tax rate would be cut from 50 percent, as under current law, all the way down to 27 percent. And while for some upper income level taxpayers the marginal tax rate would be 32 percent, this is still well below the 38 percent in the House plan and 35 percent in the Reagan or Treasury II proposal. According to the Finance Committee, over 80 percent of all taxpayers will have a tax rate no higher than 15 percent. Furthermore, the personal exemption would be raised to $2,000 for

lower and middle income taxpayers but phased out for high income individuals. For those that do not itemize, the standard deduction would be increased to $3,000 for individuals and $5,000 for joint returns.

The bill provides an average individual tax cut of $215 and, in all, cuts individual taxes by $100 billion over 5 years. Also, as result of increasing the standard deduction and personal exemption, more than 6 million low-income individuals would pay no taxes.

□ 1450

That is a remarkable accomplishment.

In my judgment, these are all giant steps toward devising a tax system that is fair and simple.

Second, the bill retains a number of deductions important to middle income taxpayers. The mortgage interest deduction for first and second residences is maintained, a provision important not only to those who cling to the American dream of owning their own homes but also to the real estate and homebuilding industries whose success is vital to a healthy economy. The bill also maintains the deduction for charitable contributions for those who itemize. Itemized deductions will also be retained for casualty loses, medical expenses, State and local income taxes, real estate taxes, and personal property taxes.

Winners under the Finance Committee plan will be those families who do not invest in tax shelters, do not have large amounts of long-term capital gain, do not have individual retirement accounts and do not take large deductions for nonmortgage interest deductions. Wealthier taxpayers who invest heavily in tax shelters or have large capital gains will see their taxes increasing. Middle-income taxpayers earning $20,000 to $50,000 a year would get average tax cuts of between 5 and 8 percent according to the Joint Taxation Committee.

For business I believe the Finance Committee bill is an improvement over both the House plan and Treasury II. Overall, the corporate tax boost under the Senate bill would be approximately $100 billion while under the House bill corporate taxes would be raised to an estimated $150 billion over a similar period. The bill distributes benefits and burdens differently than the House bill resulting in somewhat fairer treatment to capital intensive industries.

Under the Finance Committee plan the corporate tax rate would be reduced from the current 46 to 33 percent. The bill generally retains the accelerated cost recovery system of depreciation but with some changes. Businesses would be allowed to write off investments and equipment somewhat faster, on average, than under current law, although taxes on income produced by equipment would be increased by repeal of the investment tax credit. However, the opposite is true for buildings and other structures in that the bill will significantly lengthen their depreciation periods. Also, the tax credit for research and development would be extended at the current 25-percent rate until 1989.

The Finance Committee bill repeals the 10-percent credit now allowed for a company's investment in certain depreciable property. While this is harmful to capital intensive industries such as steel, textiles and utilities, I am hopeful that the lower corporate rates coupled with the bill's allowing for more rapid write offs for equipment and machinery than under current law will dampen the blow to these industries.

The bill also allows companies to use 70 percent of their unused investment tax credits to offset past or future tax liabilities. Under current law, firms can carry the full amount of unused credits for 15 years or back 3 years. I am concerned that this significant reduction in companies' ability to take advantage of their unused investment credits will further damage capital intensive industries. As we all know, basic manufacturing industries in this country have been hard hit by foreign competition in recent years and we must be careful not to further harm them through changes in our tax laws. If the bill is passed. I urge the tax writing committees in the House and Senate, certainly in the conference, to carefully monitor its impact on these industries so that, if needed, corrective legislative action can be taken. These basic industries need help.

I was personally pleased that certain tax incentives were retained for the timber industry, an industry of vital importance to my home State of Alabama and many other States across the Nation. The bill retains special capital gains treatment for corporations on the proceeds from timber sales although capital gains for individuals would be treated as regular income. The bill will also allow taxpayers a 10-percent tax credit for reforestration cost and allows up to $10,000 annually of such cost to be written off over years, as under current law. Most of the costs for timber production would be allowed to be written off in the year paid or incurred, as under current law.

With all of its positive aspects, I nonetheless believe that the tax reform bill could be improved in a number of areas. First, I strongly oppose restricting the deduction for IRA contributions to only those taxpayers who are not covered by employer-provided pension plans. This change would affect almost three-fourths of the 25 million Americans who currently have IRA's. The overwhelming majority of those IRA holders are middle class Americans who are merely trying to provide a little security for their futures.

I actively supported expanding the IRA's in the Economic Recovery Tax Act of 1981 because I believed they could be instrumental in generating new savings. Since 1981, over $250 billion has been contributed to IRA's. In 1984 IRA's generated $18 billion in new savings—$7 billion in excess of the revenue loss of $11 billion. With IRA's boosting the Nation's supply of savings this in turn helps to finance investment that bolsters U.S. competitiveness. In my judgment, it would be wrong to increase the bias against personal saving in our Tax Code, which these restrictions on IRA's would do.

I also object to repealing the deduction for State and local sales taxes. Repealing this deduction will amount to double taxation of income already taxed at local and State levels. This provision favors those States that do not have a sales tax at the expense of those that do, such as Alabama.

Another area of concern I have is the effect of this bill on our Nation's farmers. The Finance Committee proposal could potentially have a devastating impact on farmers although it is not as harsh as the House plan. Under the Finance Committee bill farmers would no longer get capital gains treatment from the sale of section 1231 property which includes livestock held for dairy, draft, breeding, or sporting purposes and timber. Under the committee bill, for a noncorporate family farm with a taxable income of $35,000, the tax rate on the sale of additional capital assets would be 27 percent on 100 percent of the gain. Under current law, the tax rate on that gain would be 11.2 or 28 percent on 40 percent of the gain.

Another change under the Senate plan which detrimentally impacts on farmers is the repeal of income averaging. This provision is used very often by farmers to even out their volatile changes in income. A farm family of five with an income alternating between 0 and $40,000 per year would pay five times the tax as a family of five earning $20,000 each year. I believe income averaging should be retained for taxpayers with volatile incomes.

□ 1500

I want to point that out again. That is because of the brackets, which way you go, and the difference between the years when you have zero and $40,000, a farm family of five with an income alternating between zero and $40,000 per year would pay five times the tax as a family of five earning $20,00 each year.

I believe income averaging should be retained for taxpayers with volatile incomes. The Senate bill would allow

farmers to continue to utilize the cash method of accounting which is currently used by almost all farmers. However, farmers who use the cash method of accounting would not be allowed to deduct the amounts paid for feed, seed, fertilizer, or other supplies prior to the year consumed if more than 50 percent of farm expenses are prepaid. Restricting the prepayment of these supplies to 50 percent of farm expenses would severely limit the ability to defer taxes through the prepayment of expenses.

The Senate bill would also repeal the investment tax credit currently allowed for qualifying capital investments. Most farm machinery and equipment, many farm structures, and certain livestock qualify for the full 10 percent credit. For example, under current law if a farmer buys a tractor for $40,000 his after-tax cost would actually be $36,000. If the investment tax credit is repealed his after tax cost would be $40,000 or $4,000 more than under current law. The bill also allows only 70 percent of unused investment tax credits to be carried forward.

In 1983, farm sole proprietors held over $3 billion in accumulated tax credit and it is likely that current accumulated tax credits equal or exceed this level. Thus, the 30 percent reduction in value for investment tax credit carryovers would cost farmers in excess of $1 billion in unused tax credits. Based on 1982 IRS statistics, a large share of these unused tax credits are held by farmers with substantial debt and with little or no off-farm income.

Mr. President, I am also concerned over the impact this bill could have on the housing and real estate industry. The Finance Committee bill would disallow the deduction of all real estate investment and business losses against other types of income. This proposal applies to all losses from all real estate investments regardless of whether the property is owned by a sole proprietorship, general partnership, or limited partnership. The real estate industry would also be hardest hit by the changes in the accelerated cost recovery system with the appreciable life of real property expanding from the current 19 years to 27½ years for residential property and 31½ for commercial property. In addition, such investments would have to be written off over the straight line method, meaning that larger writeoffs would not be allowed in the early years of the investment as under current law.

The repeal of capital gains treatment as well as limitations on investment interest expense deductibility would all impact negatively on the housing and real estate industry. There have been estimates that the combination of these changes in our tax laws mean a tax increase on the real estate industry of about $60 billion. I am not sure that is accurate but that has been an estimate that has been made. I think we should examine very carefully these changes keeping in mind that the housing and real estate industry is a vital component in job creation and in keeping the economy running at its current high level. Changes this severe could cause adverse ripple effects throughout the entire economy.

Mr. President, the Finance Committee bill is a radical and bold approach to tax reform. It cuts individual tax rates more deeply than any previous proposal thereby making the elimination of certain tax preferences more palatable. Closing loopholes and eliminating shelters also enhances simplicity and fairness. However, it is not a perfect bill by any means. The changes I have suggested here today would do much to make it a better tax reform bill. The public wants and deserves fairness and simplification in our tax system. But it is up to those of us in Congress to be deliberate and wise in an undertaking of this magnitude so that we give the people of this country the very best tax system possible and one that will ensure economic growth for many years to come.

Mr. President, I have mentioned some defects that I have felt are in this bill. But I realize that all of these cannot be corrected. You have to find money for everything that you are going to take off or if you are going to give corrective action and eliminate something, there has to be something added to it. This causes some problem. But I did want to point out some of the defects that I feel are in this bill.

As we proceed, I hope that we can find palatable ways of trying to improve the bill by trying to find ways that we can offset any corrective action by income that comes in that will not hurt the vast majority, and will not hurt the families under this bill.

The bill basically contains fairness—the Finance Committee bill.

Again, I want to congratulate the chairman for doing a fine job, and the members of this committee for doing a very fine job. Overall, it is a remarkable improvement in regard to the many proposals. We look, stop, and we think. We saw first, Treasury I, then we saw Treasury II, we then saw the first proposal that the chairman of the Ways and Means Committee of the House came forward with, and it was changed, and you finally came up with the House passed bill.

There were then other proposals, and then there was a final version of the Finance Committee. Overall, I think they have done a remarkable job in this. I hope we can take corrective actions in certain aspects but do so by which the overall fairness of the bill is not destroyed.

Thank you, Mr. President.

(Mr. ARMSTRONG assumed the chair.)

Mr. PACKWOOD. Mr. President, if there are no further amendments, I am prepared to move to passage. I am seriously announcing that so that everyone who is in their office or listening understands that we are prepared to move forward with amendments. I hope that we have a sufficient coalition that can defeat any major amendments that are offered. But I am prepared to consider amendments on any subject and urge those who are prepared with amendments to come forward with them now.

I know the majority leader has indicated to me that he would like to finish this bill this week. It is a rapid time to complete a tax bill, but I imagine he will start to lose his patience and so will I if we are here at 4, 5, or 6 o'clock and no one comes forward with amendments. At some stage, I think the majority leader will say, "Enough, let us move to passage. If there are no further amendments, we will go to passage."

15 YEARS OF ARMS CONTROL DEMOLISHED

Mr. MOYNIHAN. Mr. President, one of the towering public men of our age. Robert S. McNamara, has recently prepared a statement entitled "15 Years of Arms Control Demolished" about the tentative decision in our Government to abandon the present SALT limits.

Secretary McNamara, as he then was Secretary of Defense under President Johnson, in 1966, with President Johnson, first proposed to the Soviet Union that we might undertake numerical limits of certain types of strategic weapons. This was in the aftermath of the test ban treaty that President Kennedy had successfully negotiated, when Mr. McNamara was also Secretary of Defense.

□ 1530

In this article he describes the long day at Glasboro in New Jersey in 1967 in which he was seeking to persuade Mr. Kosygin, then Premier of the Soviet Union, that this was in the Soviet interest. He notes that the Soviets have done as we have done; they have dismantled more than 1,300 missiles, 45 bombers, and 21 submarines.

One of the more striking aspects of cooperation in the dangerously competitive world of arms between this country and the Soviet Union is the openness with which we demonstrate to one another that in fact we are dismantling a submarine, we are dismantling an airplane. We practically saw them in two on sunny days when it will be known that satellites will be observing them.

Mr. McNamara makes the point that SALT—the Strategic Arms Limitation Talks—was in the first instance an American initiative. It has hardly been an unequaled success; the numbers of offensive weapons have gone up, not down, but there has been a pace which has in some measure been an advance.

In the long run, Mr. President, it seems to me the great issue we will have to determine in this body and in the executive as well is whether we are to continue to abide by the Antiballistic Missile Treaty, which has far greater specific relevance to the nature of our weapons systems. But the interim statements by the administration certainly suggest that that may not occur. By the way, if it does not, we shall have lost. We shall have put aside two decades of efforts which we began, and it seems to me those who think we ought to do this have a true obligation to state what their alternative approach to this central problem of the age will be, which they have not done. If they do and as they do, I would hope they might take into consideration Mr. McNamara's cogent and patient arguments. I hope the body might do so as well. In order that this could be facilitated, Mr. President, I ask unanimous consent that Mr. McNamara's article be included in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 8, 1986]

15 YEARS OF ARMS CONTROL DEMOLISHED

(By Robert S. McNamara)

President Reagan's decision to abandon the second strategic arms limitation accord will, unless reversed, severely harm United States security interests. At present, the SALT limits are the only existing agreed constraints on strategic weapons. Without them, we will face the dangers of a totally unrestricted nuclear arms race.

The SALT II agreement prohibits the Russians from increasing their total number of strategic missiles and bombers. The accord also includes a limit on land-based missiles equipped with multiple warheads—the weapons most feared by the Pentagon. Since the Russians are within two missiles of reaching that limit, keeping the agreement would force them to remove older missiles and dismantle their silos as the new mobile SS-24 missile enters the field. Moscow has already removed from operation or dismantled more than 1,300 missile launchers, 45 bombers and 21 submarines to stay within the SALT limits.

If President Reagan's decision is implemented, those limits will be swept aside. The entire structure of strategic arms control, carefully laid over a period of 15 years by four Presidents—Lyndon B. Johnson, Richard Nixon, Gerald R. Ford and Jimmy Carter—will be destroyed.

Why did those Presidents negotiate on strategic arms? Not because they trusted the Russians. Not to do the Kremlin a favor. They pursued SALT for only one reason—because they believed it to be in the security interests of the United States. They were joined in that belief by their Secretaries of Defense and the Joint Chiefs of Staff. Arms control is the only means we have for containing the Soviet nuclear arsenal. Without SALT, our fears of a Soviet first strike potential will rise, heightening the danger of nuclear war in times of crisis.

The President's repudiation of "the SALT structure" becomes more ominous when one recalls that SALT includes not only the 1972 and 1979 agreements on offensive forces but also the 1972 Anti-Ballistic Missile Treaty. Secretary of Defense Caspar W. Weinberger has never supported the ABM treaty. He now says that remaining in compliance with it, if it blocks progress on the development of the "Star Wars" anti-missile system, "is something obviously we would be very much opposed to."

SALT was an American initiative. In November 1966, President Johnson and I first proposed to the Russians that we begin working toward limits on strategic forces. We spent a long day at Glassboro, N.J., in 1967 trying to persuade Premier Aleksei N. Kosygin that development of anti-missile weapons would fuel the arms race and increase the danger of war. Five years later, in 1972, President Nixon was successful in obtaining Soviet agreement to both the ABM accord and the interim agreement on offensive forces. Now the United States is telling Moscow that it has changed its mind. The stage is set for an all-out competition in both offensive and defensive strategic weapons.

Some in Washington perceive President Reagan's decision as yet another negotiating ploy designed to increase American leverage at Geneva. Others see it as an effort to placate hardliners in the Pentagon without completely withdrawing from the SALT agreements.

But the Soviet Union, not unexpectedly, appears to be taking the President at his word. Soviet military leaders will plan for the worst, just as Pentagon military planners would advise President Reagan to do if we were faced with Soviet renunciation of SALT. The President's decision will strengthen the hand of Soviet hardliners who believe that the United States is seeking strategic superiority. Those hardliners will insist that the Soviet Union cannot wait for the President to come around—and that Moscow must begin planning today for a huge expansion of weaponry in order to compete in the world without arms control.

The Congressional Research Service estimates that without SALT each side could more than double its strategic nuclear weapons by 1992. Some Administration spokesmen now cast doubt on such scenarios; they argue that each side can show restraint without the SALT limits. But given the current high level of mistrust between the superpowers, it is far more likely that each country, guided by worst-case assumptions about enemy intentions and capabilities will substantially expand its forces.

The demise of SALT will also, very likely, undermine the Geneva arms talks. If we are to negotiate deep reductions in arsenals—a laudable goal affirmed by the President and Milhail S. Gorbachev at last year's summit meeting—we need an agreed upon base line from which to reduce. The SALT limits provide such a baseline; an unrestricted arms race would not.

To justify its decision, the Administration charges that Moscow has violated the SALT accords. The issue of treaty violations is a complicated one. Both we and the Russians have accused the other of such actions. At least some of the Administration's claims appear to be justified. But none of the alleged violations are of major military significance. The correct response should be the one taken by the four previous Presidents—making full use of established diplomatic channels to resolve disputes with Moscow. Responding to Soviet violations by scrapping SALT is tantamount to reacting to an increase in the crime rate by abolishing the criminal code.

Between them, the United States and the Soviet Union already have some 50,000 nuclear warheads, including 22,000 strategic weapons. If President Reagan implements his decision to abandon SALT, the superpowers will intensify an arms race that is far worse than anyone would have dared to predict at the dawn of the atomic age. Why should we risk such a course when we can keep the lid on the competition, while seeking the substantial reductions both sides have proposed?

Mr. MOYNIHAN. I thank the Chair.

Mr. President, seeing no Member seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. EVANS). Without objection, it is so ordered.

TAX REFORM ACT OF 1986

The Senate continued with the consideration of the bill (H.R. 3838).

Mr. MOYNIHAN. Mr. President, I do not rise to offer an amendment, but rather, in the pattern that has been followed on the last 2 previous days, to make some general comments about the legislation. In particular, I would like to address the provisions for low-income taxpayers in this legislation. The distinguished chairman and ranking member have spoken to this issue in their opening statements, and I would like to do so as well, as it has been a matter of considerable concern to me and to our committee for a number of years—a number of years indeed.

Mr. President, the economist Eugene Steverle, who is now I believe at the Treasury Department, wrote a paper some 3 years ago in which he put the simple but significant proposition that the single most important change in the income tax system in postwar United States has been the erosion of the value of the personal exemption on the income tax.

In 1948 that exemption was set at $600. Steverle observed that if in 1984 it were still to be the same proportion of per capita income that it was in 1948, it would be $5,600. Which is to say that a family of four, it it was treated in the same manner today as was the case just after World War II, would begin calculating its income tax obligation by deducting four times

$5,600, which is to say $22,400. It would then take the standard deduction, or zero bracket, which is now some $3,540 such that the family could earn roughly $26,000 before it began to incur a tax liability.

The median family income in our country today is about $23,000. So we see that were we to have in place the provision for child care—which is basically what the personal exemption is—that we had after World War II, most families would not have any income tax liability at all. And had we just maintained the constant dollar value of that $600, it would have been $2,589 by 1984, and again a family of four would have nearly $10,400 in total personal exemptions to take off its income tax before adding the zero bracket of some $3,540. So this family would be well above the poverty line before it began to owe income tax.

It is simply an elemental fact of our present tax system that we tax families into poverty. We do not do so in the aftermath of a deliberate decision to make people poor. But had we made such a decision, the outcome would be no different. It would perhaps startle Members of the Senate to be told that we have a policy of making people poor. It is our tax policy. That is what our law provides. It may be that we can say. "Well, we had not thought of it that way." But it does not matter how you thought about it.

The poverty threshold in 1988 will be roughly $12,368. In this same year, under the current Tax Code, a married couple with two children would find that it began to owe Federal tax when its income passed $9,859. That is 20 percent below the poverty line. In other words, at an 80 percent of the poverty level standard of living this family of four would begin to owe taxes to the Government.

Put another way: A family of four which earns just the bare poverty level income will find that it owes in income taxes, and in payroll taxes just about 11 percent of that poverty level income such that after it has paid Federal taxes it has become poor.

This is a government which 22 years ago, in 1964, declared it to be the policy of the Federal Government to abolish poverty in the United States. Now, 22 years later we find that same Federal Government is creating poverty.

There are about 6 million individuals who are in families in this circumstance. It is a bizarre and, Mr. President, a cruel circumstance. It is not necessary to go into great flight of compassion, or rhetorical effort to asks why on Earth is a country as prosperous as we—almost a quarter century after we undertook to abolish poverty—taxing people into poverty?

□ 1610

Why are we making people poor?

Is it not, in fact, our policy to do so?

I cannot imagine the President would say it was his policy. I cannot imagine the Secretary of Health and Human Services, the chairman of the Finance Committee, or whomever, saying that. But had we had an avowed policy of this kind, we the result would not differs from our present, hidden policy. The Government is filled with hidden policies, things you do not acknowledge doing. Sometimes you do not even know you are doing. Indeed, the present situation crept up on us through years of general price inflation.

Just 2 years ago, in 1984, we finally realized we ought to be indexing the personal exemptions, but it has had a tiny effect. 40 years is a long time to make up.

I make these brief remarks in the context of a subject that we have been dealing with on the periphery ever since the President's State of the Union Message last January. This is the subject of welfare policy and welfare dependency, and social welfare generally. It is not a new subject for this body.

Our Constitution, the first line, commits us to promoting the defense of the Nation and the general welfare of its people.

In 1984, the last year for which we have statistics, the median family income in the United States was only $34 higher than it was in 1970. That, in effect, Mr. President, is 15 years of a flat family income. I do not suppose there have been 15 years in the history of the European settlements or North America in which the median family income has increases so minimally. In the postwar period, we never went 3 years without making a new record.

Even so, in a period of protracted flattened family income, we should not start to make matters worse by taxing families at the margin deeper and deeper into poverty.

It was an exemplary fact that the first tax reform plan from the Treasury proposed to increase the personal exemption to $2,000. This personal exemption which for us in the United States is equivalent to what the family allowance is in Canada, Australia, France, Ireland, or Norway. We are the only industrial democracy in the world which does not have a family allowance, an allowance for raising children.

We are also the only country of the industrial democracies in which the poorest group of the population are children. The prospect of a child under 6 being poor is seven times greater than for a person over 65. Almost a third of our children born in 1980 can expect to be on AFDC. It is an extraordinary lapse in American life.

It is not a situation that gets better, or that one can see progressing to a solution. But it is a situation which gets worse. We happen to be the first society in the history of the world in which children are the worst off in the population.

In any traditional economy, and in ours until a few years ago, the poorest group in the population were the aged. This occurred largely because they did not work in the industrial economy but worked in the agricultural economy.

Suddenly, and it all happened in 20 years, the poorest group in our population are children. Almost a quarter of children under 6 in this country are poor, and many of them are poor because we have made them and their families poor through the income tax system.

It is a nobel aspect of the tax bill before us that we will put an end to this anomaly, which, to use a term which has been used, is cruelty to children. That is what we proceed to correct with the enactment of this legislation, which I hope will be soon.

We have been waiting this afternoon for amendments to be offered. We do not appear to have any takers.

Mr. President, what would you say if I said, "Mr. President, I move to third reading of the bill." I think you might say, "Does the Senator from Oregon have any thoughts on the subject, or the Senator from Texas?" I suspect they might have, but I am not sure what they would be.

Mr. BENTSEN. I would suggest I would put in for a quorum call.

Mr. MOYNIHAN. And then what would we do?

Mr. BENTSEN. We would discuss it for a while, talking about the tough time obtaining revenue estimates from the Joint Tax Committee. What we have here is this most dramatic change in the tax laws since 1954, and it requires careful consideration. We have a lot of amendments that people are considering and want to offer, but the amendments must be revenue neutral. So the sponsors ask the Joint Tax Committee to provide them with revenue information, so that they can know the amendment will be acceptable and not be ruled against by the Chair. They are awaiting for that kind of information.

I have repeatedly heard Members of the Senate express their frustrations at not being able to get the information.

The other side of the coin is that the Joint Tax Committee is absolutely covered up with requests like that. They have a limited staff, but they have a good staff. They are trying to provide that kind of information. Up until now they have not been able to do it, I say to the distinguished Sena-

tor from New York, on many of the amendments.

Mr. PACKWOOD. I would say in fairness about two-thirds to three-quarters of the amendments I have heard about, which I cannot say are proposed because there have been no amendments filed at the desk, are costed.

We know, of example, if someone is going to offer an amendment on the IRA's and wants to do it by increasing the corporate individual minimum tax what that costs.

If they want to offer to full restore IRA's by delayed indexing, we know what that costs.

□ 1620

If they want to do it by eliminating the competing contract method accounting and eliminating transition rules and going back to the current rules on municipal bonds, we know what that costs; they know what it costs.

There are any number of amendments. The Senator from New Hampshire has an abortion amendment at the desk. It is not pending, it is at the desk. We know what that costs.

Mr. BENTSEN. Does the Senator mean from an economic standpoint or a political standpoint?

Mr. PACKWOOD. At least we know what it costs from an economic standpoint, but each Member must decide for himself or herself what the political cost is.

While I have a list of 50 amendments that Members have talked to me about, there are only two filed. As the Senator is aware, any Senator could come in right now and pull something out of his pocket and write it out, hand it in, and say, "I have an amendment." That we might not have a cost on because we would not know who it affects. But in most cases, most amendments that Senators have said they are going to offer, they know what it costs, we know what it costs, and I am ready to go on it.

Mr. BENTSEN. I say to the distinguished chairman that I think that is correct. Except I think we are also running into another problem. If the Members come up with revenue raisers that balance off the cost of their amendments, they are talking to other Members to see what kind of support they can get for that on the floor. There is that kind of practical limitation. I certainly share the desire of the chairman to move this bill and get it done. There are very few amendments, if any, that are going to be adopted on the floor of the Senate.

Mr. PACKWOOD. One of the very good exercises this bill has caused is that for the first time, and I am enviable to be in this position, we have to have revenue-neutral amendments. That is a wonderful discipline for us.

Before, you could come in here and say, "I want to restore capital gains. If it costs $25 million or $30 million, don't worry about it; don't worry about paying for it." My hunch is that it would have passed. Instead of the deficit being $212 billion or whatever it is going to be next year, it would be $220 billion, $230 billion, or $240 billion. But when you have to come in and say "as opposed to what," that is a slightly different bind.

Mr. BENTSEN. Mr. President, there is no question about that. I would like to move the tax rate cut up to January 1, 1987, when I know that so many deductions are going to be lost at that date. The way the bill is structured now, we know that many people, particularly those that itemize, would end up paying more taxes in 1987 than they pay in 1986. If that happens, you destroy some of the credibility of what we have done.

Therefore, I would like to move that. The problem is trying to decide how to pay for it. That is what I have been working on, trying to find something that I thought would be acceptable to the majority on this floor, that they would accept and support, and that would be done with equity. That is not an easy objective.

Mr. PACKWOOD. The Senator has stated a problem that I think most other Members are coming up against. It is part of the strictures of the Budget Act and Gramm-Rudman and the desire at least in this body, I think, of Republican and Democrat, conservative and liberal alike, to make some rational sense out of our budget policy. To the credit of every man and woman in this body, Democrat, Republican, liberal and conservative, they are consciously thinking, "How do I pay for it?" That is good discipline for us all to go through.

Mr. BENTSEN. I support that and believe that. I believe that there is not a Member that I know of on the Republican side or the Democratic side that consciously wants to stop this bill. The Senator may get a unanimous vote on it. It is the first time I would have heard of a unanimous vote on a tax bill.

Mr. PACKWOOD. The other day, when we were all down at the White House for breakfast, Senator LONG and Senator BYRD said they thought this bill would pass by 100 to nothing. The Senator from Texas and I have never seen anything like that on a tax bill. He and I have never seen a tax bill voted 20 to nothing out of a committee.

Mr. BENTSEN. I have never seen a major tax bill where we have had that before. I am looking forward to seeing that here, on the floor of the Senate.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

□ 1630

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, there has been a great deal of discussion so far on this bill heavily emphasizing business and capital investment, and I would like all of those who are watching, listening, and on this floor to understand that there is a coalition in breadth that goes far beyond just business or business and labor. I want to read just some of the organizations that are part of this coalition and then I intend to read the entire coalition. Some of the organizations that support this bill that you do not normally think of as being in alliance or in league with normal business groups are: ACORN, which is a group concerned with those in poverty in this country; the American Association of Retired Persons, a 26-million-strong organization, heavily concerned with those items concerning those on retirement, Social Security income, especially the income of elderly women who are widowed; Bread for the World, an organization concerned with the feeding of the poor and the hungry; Business and Professional Women of the United States; the Center on Budget and Policy Priorities; the Children's Defense Fund; Church Women United; Church of the Brethren, Washington Office; Coalition on Human Needs; Coalition on Women and Taxes; the Committee for Employment Opportunities; the Committee for Fairness to Families; Divorce Taxation Education, Inc.; the Fair Tax Foundation; the League of Women Voters of the United States; the National Black Child Development Institute; the National Coalition of American Nuns; the National Council of LaRaza; the National Tax Limitation Committee; the National Taxpayers Union; the National Women's Conference Committee; the National Women's Law Center; the National Women's Political Caucus; the Religious Network for Equality for Women; the Sisters of the Humility of Mary; the Targeted Jobs Tax Credit Coalition; the United Church of Christ, Office for the Church in Society; the Villers Association; and the Women's Equity Action League.

Those are groups that are not only supporting the bill, they are part of the so-called coalition known as the 15-27-33 Coalition. They are standing firm against any amendments, whether those amendments be on capital gains, or a third and higher rate or abortion, or the IRA's or any other amendment. One of the reasons this

particular group that I read is standing so firm is that this bill probably does as much for low-income women as any step that this Congress has taken in a generation. First you go to a $2,000 exemption, for you, your spouse, and your children. You have many, many women in this country who are working at $12,000, $12,500, $13,000 a year who are now on the Federal tax rolls paying Federal income taxes and they are at or below the poverty line. The poverty line is what the Federal Government establishes as the minimim amount of money needed, the minimum amount to clothe, feed, and house yourself with any respect. And we say if you fall below that you cannot clothe, or cannot feed, or cannot house yourself decently. Today there are people below that line who are paying Federal income taxes. Well, between moving to a $2,000 exemption and roughly a $5,000 standard deduction, that means you have to be at about the $13,000 level for a family of four before you at all rise into any tax bracket. All of those people are taken off the rolls.

Secondly, we have kept the so-called child care credit that is in the current law in this bill, and that is a credit. You are a working person. You have children. It costs you money to have them taken care of during the day; they are either pre-schoolers or you have to have them taken care of after school. As everyone is well aware, a credit is much more valuable than a deduction to a low-income person, and a deduction is more valuable to a high income person. Example: You are in the 50-percent tax bracket. Let us say that you had a $2,000 child care deduction, not a credit. You get to deduct that $2,000 and because you are in the 50-percent bracket that is worth $1,000 of tax saving to you. But if you happen to be in the 20-percent tax bracket, and had to pay $2,000 for day care, and it was a deduction, it would be worth only $400 to you because you are in the 20-percent bracket. The present law is a credit, and it means that whether or not you are in the 10 percent or 12 percent or 15 percent, or 20 percent bracket or the 50 percent bracket, you get to take a certain amount of money off your taxes. If it is $300 and you are a poor person and you owe $500 and you get to deduct $300, that is significant. That is very significant. If you are a wealthy person and you owe $10,000 or $15,000 in taxes, you still get to deduct only $300. So it means a lot more to the poor than it means to the rich.

Mr. DANFORTH. Mr. President, I do not want to interrupt the Senator's train of thought , but I wonder if the Senator will yield for a question.

Mr. PACKWOOD. I will be happy to yield.

Mr. DANFORTH. Mr. President, we are now on the third day of consideration of this bill on the floor of the Senate. I note that no amendments have been offered as yet. I know the Senator from Oregon, the chairman of the Finance Committee, has been on the Finance Committee now for how many years?

Mr. PACKWOOD. Fourteen years.

Mr. DANFORTH. During that 14 years we have had any number of tax bills on the floor of the Senate. I wonder if the Senator has ever experienced a situation such as this where we are 3 days into the consideration of the tax bill and not a single amendment has been offered to the bill.

□ 1640

Mr. PACKWOOD. Never have I seen a situation like that.

Further, unless there has been a change today, the reading clerk tells me that there are only two amendments filed at the desk. The Senator from Missouri and I have heard of some people thinking that maybe they are going to offer an amendment. But, as he says, it is unheard of to have only two filed.

Mr. DANFORTH. We had a meeting today in the Executive Office Building, and there were a number of representatives of various groups present. The chairman of the Finance Committee read a list of some of the groups supporting the tax bill. But it is my impression that the number of organizations supporting the bill is now in the hundreds, is it not?

Mr. PACKWOOD. We are approaching 700, and it is a coalition that includes the Children's Defense Fund and General Motors, both saying the same thing: We are standing firm against any amendments.

Mr. DANFORTH. I take it that with these groups, some 700 different organizations, there is no possibility that 700 organizations would agree on every detail of a 1,450-page tax bill. It is not possible for all those groups to agree on everything.

Mr. PACKWOOD. No; but what they have said is this: This is as good a bill as they think they are going to see.

If this were heaven and they were God, each of these groups would say, "I would like to change A, B, and C, and make it perfect from my standpoint." But groups like the League of Women Voters are pros at the business of dealing with Congress and think there is no bill that will be exactly perfect to them, but they know that this bill comes as close to it as they are going to get.

Mr. DANFORTH. Is it not the Senator's experience from talking to members of the Finance Committee that there is no one on the Finance Committee—we reported this bill by a vote of 20 to 0—but there is no member of the Finance Committee, including the chairman, who agrees with every detail in the bill?

Mr. PACKWOOD. No.

As the Senator from Missouri knows, there is actually one amendment I lost toward the end, when I voted against it, on the working interest for oil and gas. But I will stand firm on the Senate floor and defend the bill. In a perfect world, I would not have had that.

Mr. DANFORTH. We can all think of items we would like to shoehorn into a tax bill. We can think of ornaments we would like to use to decorate the Christmas tree. We usually call tax bills a Christmas tree because everyone has his favorite ornament or two or three, and the idea is to decorate the tree. We could all think of numerous amendments we would like to offer. Yet, the position of at least most of the members of the Finance Committee is that we are not going to do that.

Further, even if our colleagues were to offer amendments which are very attractive to us, even if those amendments were to relate to matters on which we have had strong philosophical commitments for years, still our position is that this particular tax bill should go through clean. If we have points that we want to make in the future, if we have ornaments that we want to add in the future, that could be done on some future legislation.

The point of this bill, as I understand it, is that when we start that process, even if it is a revenue-neutral amendment, even if it is an amendment that affects rates, still it is an amendment that goes to the heart of the bill.

Mr. PACKWOOD. Absolutely.

Mr. DANFORTH. Further, with approximately 700 organizations signed up to support the bill, any amendment that is tossed into this bill, like a bomb, is likely to scatter those 700 groups that have been so forthcoming in support of the bill. The last thing we want to do is to start those groups fighting among themselves over this tax bill.

Mr. PACKWOOD. Not only do those groups know that; they are absolutely following the theory that we had all better hang together or we will hang separately.

A good example: Today, added to the list of the 700 was the Edison Electric Institute. It is not an insignificant group. This trade association represents all the investor-owned utilities. There is probably no industry that is more capital intensive than utilities, that needs cash to build dams and generators and turbines and lines. It takes money.

In a perfect world, would they like to have an investment tax credit and a 33-percent corporate maximum rate? Of course they would. But, on balance,

they would rather have no investment tax credit and the 33-percent rate than the current law, which is the investment tax credit and a 46-percent rate. So they said, "Count us on board."

This coalition is growing by about 20 or 30 or 40 trade associations and companies a day that are signing on for no amendments. Maybe that is one of the reasons why we are having some difficulty in getting amendments up.

The other day we heard that a particular member was thinking of financing the return to the present law on the IRA's by increasing the corporate and minimum tax. In our bill, we go from $2.5 billion on the corporate minimum tax over 5 years, under present law, to $35 billion, a fifteenfold increase; and we do it at a 20-percent rate, when the House of Representatives has a 25-percent rate and does not raise half the money we do. We do it because we put almost every single preference item into the pot and say, "You're going to pay taxes on it."

This particular Member is thinking of trying to finance the IRA's by further raising the minimum tax. As soon as a number of members of this coalition heard about it, out went a hotline to the Member's State and to a number of large companies and some of those other organizations I read which are not companies, saying, "Senator X is thinking of doing this." They said, "We want you to understand, Senator X, that we don't want any amendments, and this particular amendment we find particular offensive."

I think that idea has been stopped. That is what this coalition is effectively doing.

Mr. DANFORTH. The chairman is aware of the fact that a number of people are thinking about returning to the present law with respect to the IRA's. What the Senate Finance Committee did is return to 1981.

Mr. PACKWOOD. That is the irony. I understand that what initially happened was this: The moment we acted on this, you had stories and television news that night—the Finance Committee has eliminated IRA's. We never eliminated the IRA's.

First, if you are independently employed, you have the IRA just as it is today. If you work for a company that has a pension plan, you have your money just as today. Say, you currently work for a company that has a pension plan and you deduct your IRA. We said in that case, and in that case only, you can no longer take the deductions. However, you can still contribute to it. You just cannot deduct. All the interest that accrues on the money you put in is not taxed until you take it out. It is like any other annuity.

Suppose you are young Jane or young John, 25 years of age, and you work for a company with a pension plan, and you want to put in $2,000 a year for 40 years, until you are 65. That is $80,000—$2,000 a year times 40 years. You would not be able to deduct that. But in those 40 years, that $80,000, even invested conservatively at 7 or 8 percent, would have grown to about $500,000. That $420,000 buildup, as we call it, would not be taxed during all those years. That is the value of the IRA, not the deduction.

So more and more people have come to realize that we did not get rid of the IRA's. Not even for that very limited group that has pension plans which we said could not deduct IRA contributions, did we get rid of the biggest part of the IRA's.

□ 1650

Mr. DANFORTH. To come up with the revenue necessary for a revenue neutral IRA amendment, it would require something like $26 billion, I believe, over 5 years.

Mr. PACKWOOD. If we were to go to current law, it would take about $26 to $27 billion.

Mr. DANFORTH. $26 to $27 billion.

And the chairman is aware of various approaches to trying to raise this $26 and $27 billion.

Is it the chairman's opinion that each of those IRA amendments, the ones that he has heard about, is not just a marginal thing or a tangential attack on the bill, but that each one of them goes to the heart of the bill and to the heart of the coalition that is supporting the bill?

Mr. PACKWOOD. Absolutely. There is no question, because I want to emphasize on occasion some people talk about anything that affects the rate. There is more to this bill than the rates. This coalition is standing firm against amendments not just amendments to the rates, because you could actually keep the present "rates" and do violence to the bill, because you could take things out or put things in in terms of exemptions or deductions that the committee has left in or taken out because we thought it was good policy to do so. They would not change the rate but do violence to the bill.

Mr. DANFORTH. Just one final question and this is about at least one of the proposals I have heard with respect to IRA's. The proposal is to make the deduction available to everybody, but to limit the deduction so it applies as though the taxpayer were paying taxes at the 15 percent rate.

Now, it is my analysis of that particular proposal that that works to the benefit of people who have a tax deductible pension program, but it works to the detriment of people——

Mr. PACKWOOD. Who do not.

Mr. DANFORTH. Who do not.

Mr. PACKWOOD. That is right.

Mr. DANFORTH. Because right now the person who does not have the 401(k), the person who does not have the tax deductible pension program and all he has is the IRA, this is to say to that person, "Well, I am sorry, but we are going to reduce your deduction, you poor guy without any other plan, you poor person who is taken care of by the Senate Finance Committee; if you do not have any other plan, we are going to take money out of your pocket in order to provide a deduction for someone who has a tax deductible plan."

Mr. PACKWOOD. The Senator has it exactly.

Mr. DANFORTH. Does that strike the chairman as being fair? Is that in the service of equity in tax legislation?

Mr. PACKWOOD. It is not fair because we very specifically left in the bill the current law as to those who were self-employed so, therefore, they obviously have no other pension plan other than Social Security that everyone has or those who work for a company that has no pension plan. If people in that bracket happen to be in the 27 percent tax bracket they can deduct 27 percent. In essence, there are some people who say no, let us make everybody deduct at the 15-percent level, so the poor people self-employed or working for a company with no pension plan, they are the ones who get discriminated against with that kind of amendment.

Mr. DANFORTH. In part, what these amendments would do would provide only deduction against the 15-percent level. In fact, what they would be doing is to subsidize people who do have the tax deductible pension plan out of the pockets of those who do not.

Mr. PACKWOOD. That is absolutely correct.

I might make one emphasis here as to who does and does not have an IRA. I would not be so foolish as to get into the debate as to what is middle income. Everyone thinks they are middle income, no matter how much money they make. Most of us live to the limits of our income. If we are looking at those making $40,000, $50,000, or $100,000, most people regard that as middle income. I am not going to define that. I am simply going to take the income level of $40,000 a year taxable income, and "taxable income" is a technical term which you get to after you deduct standard deductions and exemptions, and as a general rule that $40,000 taxable income would be equivalent to about $50,000 in gross income. That is what you would answer when someone asked, "What do you make?"

But for purposes of what I am about to say I use the Internal Revenue Service and Treasury Department figure for taxable income and divide it

into $40,000 taxable income below and $40,000 taxable income above.

Eighty-six million tax returns report income of $40,000 or less, 86 million. Of those 86 million, 9 million file for IRA's, 77 million do not; roughly only 10 percent have IRA's. Of those who make $40,000 and above, of the tax returns showing $40,000 and above, there are 12 million returns. Of those 12 million, 6 million file for IRA's.

So when the argument is used that this is principally a middle-income device or those in even lower income classes, again I say I am not going to define "middle income," but if you mean who predominantly uses them in terms of percentage of returns filed, about half of everyone who makes over $40,000 a year takes them and 10 percent of those who make $40,000 or less take them.

So if there is any effort made to put back in the IRA's by let us say eliminating indexing, and someone has suggested that, or delaying indexing, and indexing is simply what we put into the law a few years ago so that as inflation went on and you got bumped into higher income levels just by inflation, you really were not making any more money, you were just standing even with inflation, you got put in higher tax brackets because the code was progressive. We indexed it. We said if the cost of living goes up 10 percent in 1 year, the exemptions and everything else go up 10 percent and you stay even.

If someone were to attempt to pay for IRA's by eliminating or delaying indexing, what you are saying is that we are, in essence, going to tax everyone; the rich, the middle income and the poor, so that those who principally make over $40,000 a year can have a tax deductible IRA.

Mr. President, that is not fair. Not only that—this is a top-of-the-head calculation, because I have not had it yet costed out—but my guess is that of the 6 million people who are below the poverty line which we take off the tax rolls, if you delay indexing—again this is a hunch, a guess, I have not figured it out exactly—if you delay indexing, about 200,000 of those will remain on the tax rolls, even though they are below the poverty line; below the level that we say is the minimum they need for decent housing—"decent," that is perhaps an expansive word—for minimal housing, minimal clothing, minimal food.

So that is the problem that many people face in trying to draft amendments.

In the present Tax Code today, the way it is structured and the way you can use the standard deduction, you take your personal exemption and you will not have to itemize. Under the code today about 60 percent of the people do not itemize. That means they do not take any deductions usually except the standard deduction, and their personal exemptions. There are one or two other deductions they can take that we call above the line, although they are not itemized deductions. In the code today 60 percent of the people do not itemize. They do not take capital gains. They do no take a deduction for State or local taxes. They do not take a deduction for mortgage interest on their home. They do not take a deduction for interest that they pay to buy a car. Sixty percent do not itemize. They are usually in the tax brackets that are at the middle or lower.

Most deductions are taken by people who are in the middle or upper tax brackets; deductions for interest on their car, deductions for taxes paid, deductions for capital gains, and it is many of those deductions and especially in the area of real estate investments and what we call passive losses that have allowed the very, very wealthy to take deductions and avoid paying taxes altogether. I mean zero, zip, nothing.

And we took all of those deductions out of this bill and we said, "Henceforth, you are going to pay taxes even though you have never paid taxes before; even though you are making $50,000 or $150,000 or $200,000 or $250,000 and never paid taxes before, you are going to pay."

Any effort that is made to put those deductions in, any effort that is made to stretch out the effective dates when elimination of those deductions goes into effect, if you attempt to pay for it by delaying tax cuts that we have given to everybody, in essence, it is asking the poor to subsidize the rich, and that is not fair.

□ 1700

So that is part of the choice that many of the Members are facing when they are trying to draft amendments. Most, if not all, of the deductions that they want to put back in benefit principally those above median or average income levels. But in order to pay for them in one form or another, they are often having to levy taxes on those below the median or average income levels, and that is simply not going to strike this body as fair at all.

Another reason that you find many poverty groups, low-income groups, and women's groups defending this bill and saying they will stand firm for no amendments is what we have done in terms of pension vesting. Vesting is another technical term that defines how long a person must work for a particular company before his or her pension vests, that is before he or she has a right to benefits that cannot be lost, even by being fired, quitting, or changing jobs.

The bill reduces from 10 to 5 years the number of years that an employer may require that an employee work before the pension benefits vest. And in addition we have restricted what is known as Social Security integration. Many pension plans now say you are entitled when you retire to $500 a month. But, it says if, however, after you paid into this pension plan all of your working career and, of course, you are paying in on Social Security also, and if, by chance, you have $400 coming in Social Security, then you only get $100 from the company. That totals the $500. That is called Social Security integration.

This bill prohibits that, henceforth, and the reason it is very important is almost all of the people that it affects are low-income people who have been hoping that when they retire they might have $450 or $475 in Social Security, and they were hoping for $300, $400, or $500 from the company, and upon retirement they discover the company has offset his pension benefits against his Social Security benefits.

We have also strengthened in this bill what are called the discrimination rules in pension plans which require that more low-income employees be covered before a company is eligible for certain tax benefits in the pension plan, and lastly, in the health insurance provisions where the employer provides you with health insurance. We have strengthened the nondiscrimination rules so that you cannot provide an exquisite health plan for the president of the company, and a very minimal health plan for the lowest paid. So it is no wonder that those of very low income—and very honestly, Mr. President, most low-income people who are working in this country are women, most of them. It is unfortunate but true, and I mean working and making money. I am not talking about welfare. I am talking about people who are working full time and getting $12,000 to $12,500 or $13,000 a year. Most of them are women. So is it any reason that the coalition which I read supports the bill?

But in addition to that, now I want to read the entire list, and I apologize, Mr. President, for the time that this is going to take.

Mr. EVANS. Mr. President, before the chairman gets to that, I wonder if he would yield for a question.

Mr. PACKWOOD. Absolutely.

(Mr. DENTON assumed the chair.)

Mr. EVANS. Mr. President, I have been a supporter and admirer of the chairman and his committee and of the work they have produced. But I must admit to being puzzled and disturbed after listening to the exchange between the Senator from Missouri and the Senator from Oregon. I listened carefully. And what I got from that exchange and from the understandable enthusiasm of the chairman over the long and growing history of

organizations who are joining in support of this bill is that somehow 80 Members of the Senate, those who are not on the Finance Committee, are now to fold their hands, lay aside their responsibility to legislate, and simply not propose debate or accept any amendments whatsoever; that somehow this bill as it came from the committee as good as it was has now been elevated to sainthood or beyond, that it is so perfect that nothing could be done that would gain either the chairman or the coalition's support as being of benefit, not harming or bruising the essential new rights and benefits which I believe this bill provides for many, it seems, and as the chairman has suggested.

I would like to ask the chairman if he believes that it is only those who are members of the Finance Committee who did have the privilege and the opportunity while the bill was in committee to insert their own provisions, understandably of interest to their own State and their own constituencies, but now the other 80 Members of the Senate will have no equal opportunity. I ask the chairman if that is the intent of this coalition. It sounded very much to me like that was the essence of what he was saying, that we are to lay aside our opportunity to legislate, and we might as well go to third reading tonight.

Mr. PACKWOOD. No; if the Senator listened carefully to the exchange between the Senator from Missouri and myself, he said, "Does the Senator mean to say the members of the coalition think this bill is perfect,"

I said, "No."

Mr. EVANS. That is not what I am suggesting. The members of the coalition, I think I heard the Senator from Missouri say, would stand firm against any amendments whatsoever, even though somehow miraculously someone might even come up with an amendment that would make the bill better than it is today for not only the members of the Finance Committee but for all the members of the coalition.

Mr. PACKWOOD. What the coalition, I think, is justifiably worried about is that any significant amendment that affects the body of the bill—by that I mean the rates or otherwise, not just rates—will start to make it unravel, and many of the things that this coalition is interested, in, although they are interested in disparate things, they will lose. They are willing to say, having watched the process, and when you look at the entire group, they are not amateurs, even though these may be groups that represent university professors, they are longstanding trade associations that know the business of Congress well and understand how it works. They are saying, having looked at the bill, on balance we are satisfied with the way it is and we think the risks of accepting amendments on the floor is greater to those things that we cherish in the bill, even though in a perfect world it could be made a better bill than the risk of saying we will stand firm against any amendments.

I do not think the Senator will find anyone on the coalition that says given the best of all situations, let one group alone make the amendments. They would not say we would prefer that.

Mr. BENTSEN. Will the chairman yield for a question concerning that?

Mr. PACKWOOD. Yes.

Mr. BENTSEN. Mr. President, the chairman and I know how this bill has evolved. We went months down a path trying to create a good and just bill. What was presented to the Finance Committee originally is a dramatic difference from the bill that emerged from the committee. Much of the work was done behind closed doors in trying to resolve the differences among us.

I am a strong supporter of this bill. I think it is the most major, most dramatic, and one of the best tax reform bills that has been considered since 1954. I have stated that repeatedly. But I do not believe the Finance Committee is either omnipotent or omniscient. I share with my friend, Senator EVANS, the belief that this bill can be improved on. And for us not to consider any amendments here on the floor I think would be an abdication of responsibility—to say that no matter how an amendment was structured, we are not going to support it and are against it.

□ 1710

I said earlier this afternoon that I would not be surprised if this bill passed without one amendment. But when a bill is presented to us that has taken as much time as it has taken to draft this one, it takes time to study. We have over 2,000 pages, and I have not read it all the way through. And I do not know that the chairman has read it all the way through, or whether Senator EVANS has read it all the way through. I am finding out new things about it all the time as I go along.

This is not a cosmetic bill. This is not a superficial bill. We have addressed complaints that I have heard ever since I have been in the Senate from people who say, "The tax law is too complex. The rich do not pay enough. The poor are paying too much."

We have tried to answer those criticisms. I think it is an admirable job.

But then to say we are not going to do anything on the floor and that any problems we find we are going to take care of in the conference? I have been in those conferences time and time again hours and hours without end, 18 to 24 hours, no sleep, all night. And finally, behind closed doors, we try to resolve things, knocking heads together and deciding what we are going to do, coming to some conclusion at that point—those are treacherous shores.

I think this bill can stand the sunlight. I think it can stand review on the floor.

I know that many people are still trying to cost out amendments, and trying to decide whether to offer them or not. I find it difficult to accept the idea that we should not consider any amendment regardless of its merits.

Mr. PACKWOOD. We will consider amendments, I assume, because Members have indicated to me that they will be presenting them. All I have said is that this coalition said they will stand firm against amendments. Could Members present amendments with none being adopted? That would be an unusual situation. I have never seen a tax bill yet that did not have amendments adopted.

Have some Members talked to me on certain critical issues that I would find more acceptable than the way we handled those matters in the bill? No; they have not. But for somebody to come up with an amendment that I have not heard of, that Senator EVANS has not heard of, that Senator BENTSEN has not heard of? No; but this particular coalition, I would say, after all the years I have been here, I would perceive it to be unlikely that they would accept.

Mr. EVANS. That was going to be my next question. I think I almost would sign up as the 750th member of the coalition, or whatever is the next number, if I can be assured that this bill as it now sits, even though I have some problems, as the Senator knows, would not be changed in conference. I ask the Senator from Oregon, does he believe that that is a rational hope?

Mr. PACKWOOD. Does the Senator mean unchanged, every dotted i and crossed t? I think that is unlikely. But if the Senator means unchanged in its major thrust, and by that I mean holding the rates, I think there is a possibility that that can happen.

I will tell you why. From the time we first considered the bill in committee until it passed, it was only 12 days, although we had considered the ideas for months and in some cases years. Very few of the ideas were new. They had always been talked about in disparate bits and pieces. We could never get a whole.

When the bill was being put together in a whole it developed a momentum of its own that is still growing. The coalition seems to be growing at 20, 30, or 40 a day. I think when the bill passes the Senate, and it is clear that it will pass, that momentum will carry through the Congress to the House Members, with tremendous

pressure on the House Members to accept the overwhelming bulk of the bill.

Would that be a miracle, that in a tax bill one House predominated significantly over the other? Call it what you want. As far as I am concerned in this world, if you do not believe in miracles, you are not a realist because they happen every now and then.

The momentum grows daily, and I think it might peak just about the time we are at conference. If it passes here 100 to nothing or even if it passes 75 to 25, with the President's strong support, with the coalition of maybe 1,000 groups or more, I think the chances are pretty good for the bulk of the substance of this bill being adopted in conference.

Mr. EVANS. I wish to ask the Senator one more question. I would still say if it would not be a miracle, it would be close to it, to achieve that end. Impressive though that list is, and even more impressive as it grows, none of those organizations have a vote in the Senate. What is infinitely more impressive and probably more decisive would be the vote or the expressed opinion of the chairman of the Finance Committee. Am I to understand that the chairman of the Finance Committee is also committed to oppose any and all amendments of whatever kind, however presented, during the course of this bill through the Senate?

Mr. PACKWOOD. All I can tell my good friend from Washington is that at the moment no Member has filed, or has talked with me, because very few have filed, any amendment that I would prefer to what we now have in the bill.

Let me give an example bacause I know of the particular issue that the Senator from Washington is concerned with. Bear in mind again, what we were trying to do as we got the rates down.

In order to get the rates down, we had to cut and eliminate deductions, loopholes, exclusions, privileges, and we did that, not only in the areas of tax shelters, not only adding on to corporations a stiff minimum tax that means that every corporation in this country that makes a profit will have to pay some tax. But one of the things we also did was to eliminate the deduction of States sales taxes. We did not eliminate the deduction of State or local income taxes, or State or local real property taxes.

There was a time when the committee considered that because when we decided to put this idea together we instructed the professional committee that does research for us, the Joint Committee on Taxation, to prepare for our consideration a variety of bills that would have a 25-percent top rate.

The Joint Committee on Taxation presented a number of bills to us, but they could not get to the 25-percent rate without some limitation on State or local income taxes and State or local real property taxes.

When the committee saw that, the committee just said that was unacceptable. They had one plan that said you would have been allowed to take all taxes that you paid locally—sales, real property, income—at only the 15-percent level of taxation, even though you might be in a higher bracket.

To put it another way, let us say instead of getting a 100-percent deduction, you would get an 85-percent deduction for each one. The committee rejected that. They said they did not want to do that.

When they were presented with the alternative of total elimination of the sales tax but no elimination of real property taxes or income taxes, the committee voted for that option without a fight. They voted for it.

I think I understand why.

First, remember, again, about 60 percent of the people do not itemize today at all. They do not deduct sales taxes, they do not deduct income taxes, they do not deduct real property taxes. So to them, whether you eliminate or did not eliminate the deduction of any taxes was neither here nor there.

But of those who do deduct, we found an interesting pattern. These are 1984 figures. I do not have more current figures from the Internal Revenue Service.

State and local governments levied in 1984 about $81 billion in sales taxes.

□ 1720

Only $19 billion of that is itemized as Federal deductions. In the same year, 1984, State and local governments levied $65 billion in income taxes and $57 billion of it is itemized as a deduction. So, right away, the Members can sense that even though more sales taxes were collected, infinitely fewer people took them as deductions.

Second, we discovered another thing. When you itemize your sales taxes and take a deduction, you can do one of two things. The Internal Revenue Service puts out a chart. If you have a certain income level, you can look across that chart and on the average, that is the amount of sales tax you are allowed to deduct. Or you can deduct the actual amount of sales taxes you paid. But you cannot do both; you cannot use the chart and claim the actual amount.

What we discovered is that of the 40 percent of the people who do itemize their deductions, those that were in the lower income level of the 40 percent—although all of the 40 percent would probably be above the average income level—the lower income level took the deduction from the chart.

The chart, very frankly, probably does not accurately state the amount of sales tax they could deduct. Of those 40 percent who itemize who are in the upper levels, they were inclined to list their sales tax deductions because they had bought jewelry or fur coats or Mercedes-Benzes instead of Chevrolets. They kept an itemized account of their sales tax deductions.

So, again, it became clear to us that of those who did itemize, the sales tax deduction was preferred by the wealthier taxpayers. That is the reason we came to it.

I have heard that there will be offered on the floor an amendment to go back to one of the original proposals that the committee considered. Instead of total deduction of the income tax, total deduction of real property taxes, no deduction of sales tax, we will have about an 85- or 86-across-the-board limitation on the deduction of all those taxes.

I am perfectly willing to have that put to a vote, to be considered, and we will let the will of the body do its work. Based upon the evidence we had in committee, I think that is an unwise amendment. I especially think it is unwise because it limits the real property tax deduction which specifically aids every school district, every sanitary district, every county, every city.

But if by chance the Senate were to adopt that kind of amendment, I would not regard it as having done violence to the bill. They would not have changed the rates and they would have said that instead of eliminating the total deduction of sales taxes, we want to eliminate a little bit of the deduction of all these taxes.

Will the amendment be offered? I do not know. I shall speak against it if it is. If it is adopted, will I regard the bill as violated? I will not.

Mr. EVANS. If the Senator from Oregon will yield for a question, this is not the place or the time to debate the particular merits of that or any variation of the proposal that would bring sales taxes back into deductibility in some fashion. I think there are answers and responses to the arguments that the chairman has made.

I ask the chairman if he does not believe that at least under the current circumstance of no deductibility for sales tax, in at least a few States—my State of Washington being one—it is egregiously unfair for all of the taxpayers of that State because we have no income tax. We have relatively modest property taxes. The bulk of school financing is at the State level and is done primarily out of the sales tax, not the property tax.

The people of our State—if in fact there is anything to the concept, and frankly, I question it, that you must not lower below 100 percent the deductibility of property taxes, especial-

ly, because somehow, that would turn people against the support of education—if they did not have 100-percent deductibility, somehow they would not vote for such levies. I would judge that that very same argument could be used dramatically in the case of the State of Washington and the deductibility of sales taxes—not 15 percent but 100-percent lack of deductibility.

I hope the chairman would agree that, perhaps not inadvertently but at least because of the way the committee chose to put the bill together, it has resulted in some extremely unfair imbalances in the deductibility of local taxes State by State.

Mr. PACKWOOD. I would not admit to the unfairness. Senator MOYNIHAN raised this point in committee. He fought tooth and nail against the elimination of sales tax deductions or any other State and local tax deductions. But I would say in terms of generic philosophy, the elimination of the sales tax is perhaps more akin to what we have done in the past with respect to elimination of certain taxes. You cannot deduct State gasoline tax or State cigarette tax or automobile taxes under current law. Those are all forms of sales taxes.

Mr. EVANS. I would suggest that those do not even come close, however, to the breadth and importance of the sales tax. The sales tax in our State is of equal importance and, in fact, I think very close to the same share of total State and local taxes in the State of Washington as the State income tax is to the State of Oregon. So it is of equal importance to us as the Senator's income tax.

Mr. PACKWOOD I did not mean to say that those others—State liquor tax, State cigarette tax, State drivers' licenses taxes, are equal the sales tax. All I am saying is that they are the same kind of taxes. They are taxes levied on things that the general public buys.

Mr. PRESSLER. Will my colleague yield?

Mr. PACKWOOD. I am happy to yield.

Mr. PRESSLER. Mr. President, American farmers and ranchers will be affected in many ways by the far reaching tax reform bill we are considering today. As with all areas of the economy, some farmers and ranchers will benefit from the changes and some will be adversely affected. However, the impact on the overall farm economy will be positive.

This is evidenced by the fact that most major farm organizations endorse the tax bill. I ask unanimous consent that a letter outlining the position of the major farm organizations on the bill be included in the RECORD following my statement. In addition to those organizations which signed the letter, it is my understanding that the American Farm Bureau Federation, the National Cattleman's Association and the National Grange also endorse the bill.

The major positive effect of the bill will be the elimination of many tax incentives for investors to get involved in farming for the sole purpose of sheltering nonfarm income. Recent studies have determined that the revenue lost through agricultural tax shelters exceeds the amount of taxes paid by legitimate farmers. The farming of the Tax Code not only costs the Government revenue but also hurts family farmers and ranchers.

Speculation by investors drove up land prices in the late seventies. Rapid depreciation brought investors into hog and chicken feeding operations. Capital gains on livestock encouraged investors to purchase livestock. Allowances for prepaying production expenses also encouraged investors to get into farming. Most of these tax shelters have been eliminated in this tax bill.

The tax incentives for investors also encouraged overproduction and further depressed farm prices. The deduction for clearing land encourages investors to clear or level land which should never have been brought into production. These policies increased production and encouraged poor conservation policies. In the livestock sector many of the cattle and hogs fed today are owned by investors. These investors do not care if they make a profit. They are only interested in reducing their tax burden. Hopefully, these changes in the Tax Code will help to restore the market forces in agriculture.

I support the major concepts of the tax bill in regard to agriculture but have several questions and concerns. Due to low farm prices and various tax preferences in the present code, many farmers have paid no Federal income tax or very little tax in recent years. The elimination of the investment tax credit and income averaging may cause these farmers to pay a substantially higher tax in the first years. We should explore possible methods of phasing in some of these changes for genuine family farmers and ranchers.

I am also concerned about the change in capital gains rules for farmers or ranchers who have been forced out of business through foreclosure or have been forced to convey their property to a lender. In the budget reconciliation package only recently signed into law, we made changes to provide relief for these individuals. Many farmers and ranchers who are forced to sell out find that, although they are left with absolutely no money, their land has appreciated in value to such an extent that a major tax liability is created. We had the situation where individuals were left with nothing but a large capital gains tax. The Consolidated Omnibus Budget Reconciliation Act of 1985 provided relief by allowing the farmer or rancher who was forced out of business and had no means of paying the capital gains or income tax to write off his capital gains liability.

I would very much like Senator PACKWOOD or another member of the Finance Committee to clarify how this situation would be treated under this bill. If it is not addressed, I believe we should consider including a provision in the bill. The loss of a family farm or ranch is a very difficult experience. These people have no means of paying these taxes and should not have a huge tax bill hanging over their heads.

Mr. President, in general I support the agricultural provisions of the bill. The changes will benefit the farm economy. Most farmers and ranchers I talk to would like to pay income taxes because it would mean they were making a profit. This would mean higher farm prices which is what the farm economy really needs. Passing this bill does not guarantee higher prices for farmers but it would help to eliminate the unfair competition from investors who get involved in farming only to shelter their nonfarm income.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of organizations endorsing the bill.

Mr. PACKWOOD. Mr. President, would my good friend tell me, how many organizations are listed there?

Mr. PRESSLER. This particular endorsement by the Association for Public Justice, the Center for Rural Affairs, Communicating for Agriculture, the Interfaith Action for Economic Justice, the National Catholic Rural Life Conference, National Farmers Organization, and National Farmers Union. I am told it has also been endorsed by the National Cattlemen's Association and the National Grange also endorsed the bill, plus the American Farm Bureau Federation. That is 10. That does not mean I endorsed the bill.

Mr. PACKWOOD. I appreciate the Senator's reading that because I have just discovered he has read one or two I did not have. I had seven. There are three I did not know about. That is an idea of how fast this coalition is growing, coming on daily.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MAY 28, 1986.

Hon. LARRY PRESSLER,
U.S. Senate,
Washington, DC.

DEAR SENATOR PRESSLER: We urge you to support the tax reform bill reported out by the Finance Committee. We look forward to reviewing the actual bill language. The following comments are based on our understanding of the bill as it is being drafted.

While further improvements could be made, the bill nonetheless represents major progress for family farm agriculture. It would improve farm profits, diminish overproduction, reduce concentration, improve

opportunity for beginning farmers, enhance conservation, and begin to restore a competitive balance to the farm economy by restricting farm tax shelters. Unwarranted tax subsidies helped cause the current farm crisis; the time has come to restore some fairness and neutrality to tax policy and agriculture.

In particular, we urge you to support the Committee's decision to:

Eliminate the investment tax credit;

Place single purpose agricultural structures in the 10 year depreciation class;

Prohibit passive investment losses;

Eliminate the land clearing deduction;

Limit tax exempt farm depreciable property loans to $250,000; and

Allow the self-employed to deduct half their health insurance premiums.

We urge you to vigorously oppose any weakening amendments pertaining to these provisions.

We also strongly support the elimination of the capital gains exclusion. Capital gains treatment in the livestock sector results in overproduction and low prices and grants an unfair advantage to high bracket taxpayers. It also favors high bracket taxpayers in the farmland market and encourages land speculation, contributing to the boom bust cycle in the land market. While we support the elimination of the exclusion, we would note that in the absence of indexing, some financially strapped or retiring farmers who sell land at no real gain may be hit with large tax bills. We would support protecting insolvent family farmers from taxation on forced land sales. We would support indexing of capital gains if accompanied by a higher tax rate for high income individuals.

Despite the many favorable provisions in the bill, some areas continue to cause concern. First, the speed-up of depreciation on farm equipment would increase incentives to replace farmers (labor) with capital. Longer, slower depreciation would be preferable. Second, the bill lacks sufficient restrictions on the abuse of cash accounting by larger than family-sized farms. Stronger limitations are needed to reduce incentives to overinvestment, overproduction, and farm size growth. Third, the complete elimination of income averaging would hurt farmers who are in a business characterized by highly fluctuating incomes. Fairness would dictate its retention at least for farmers or others with fluctuating incomes.

We hope that there might be some positive modifications along these lines. It is our considered judgment, nonetheless, that even without such modifications the bill should be supported. While not perfect, it is a vast improvement over current tax law. The bill moves the tax code closer to fairness and equity and makes improvements beneficial to this nation's family farmers.

Thank you for considering our views.

Sincerely,

Association for Public Justice; Center for Rural Affairs; Communicating for Agriculture; Interfaith Action for Economic Justice; National Catholic Rural Life Conference; National Farmers Organization; National Farmers Union.

Mr. PRESSLER. Mr. President, on a less friendly note, let me ask a question from my State's point of view. We have been concerned in South Dakota about the transition rule on one of the bonding authorities of our State. I noted in the New York Times and probably in the tax bill if I can find it, a listing of several corporations that had transition rules applied but my State could not get it. We worked with staff and I understand all States have had their transition rules for State housing and bonding stripped out. This question has been asked, I believe, by a colleague, but it would be very useful to me in evaluating this bill if we could get the revenue numbers, which I have been unable to get from staff on each of these corporations that get transition benefits, what that means exactly, and perhaps the chairman could educate all of us. There seems to be a certain amount of mystery surrounding this list of corporations. I am not in any way saying there is anything wrong here. I am trying to understand why they get transition rules while public authorities have not.

Mr. PACKWOOD. Is the Senator saying that South Dakota has no transition rules in this bill that were requested by him or Senator ABDNOR?

Mr. PRESSLER. We requested one in particular and were told that all States would be dealt with on that basis in conference.

□ 1730

But could we check on that because we were told that all transition rules were taken out and they would be dealt with in conference. If that is not the case, I would be very happy to learn of that here.

Mr. PACKWOOD. Let me cite the standard we tried to follow, and it was not limited to public versus private. So that everyone understands what a transition rule is, it is simply a way to try to ease the passage from one set of tax laws to another where the rules are changing in midstream. And, of course, any time you change the tax law, no matter when you do it, it is midstream. So you try to say to the group affected, "We are going to try to ease your passage into this by a transition rule." These are basically the standards we tried to follow, but we did not distinguished between public and private organizations. We said, one, there would be no exception to the passive loss rule. This is where people attempt to shelter their income with artificial losses against their other income and pay no tax. There is no exemption, to the best of my knowledge, in this bill or any transition rule involving passive losses.

Second, we said—and this may be a subjective standard—it has got to be fair. Fairness perhaps is in the eye of the beholder, but we tried to say do you have a fair case, and equitable case?

And then the third one was that there had to have been some detrimental reliance on the existing law. If somebody were to come to you and say, "Well, our State is thinking of building, or our city is thinking of building a convention center maybe in 1990, although we have not had any bond issue before the public and the legislature has not acted, but just in case we might want to do it 4 years from now, could we have a transition rule?"

On most of those we would say no, because there at least had to have been some action by a city council or some vote of the people, if you require votes on bond issues, or some evidence that some steps had been taken. It still had to meet the other two tests, no passive losses and fairness. But in some cases we had requests where no action had been taken by any State or local body and it was just a Member attempting to protest something that might happen but there had been no detrimental reliance on the existing law. In that case we said no. And that could just as well apply to companies as to counties. We did not, in that sense, distinguish between public entities and private entities.

Mr. PRESSLER. Mr. President, to conclude this I would like to ask to have Senator PACKWOOD's staff prepare what the transition rules are as they affect my State of South Dakota and if that is comparable treatment other States have received.

Mr. PACKWOOD. OK, but it would also help, because we had literally thousands of requests, and just in case I cannot find it instantaneously, if the Senator could give me a list of the transition rules he asked for.

Mr. PRESSLER. All right, I will do that.

Mr. PACKWOOD. I thank the Senator.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, last week I requested the Joint Tax Committee to analyze what number of people in each income category would be getting tax increases, what percentage would be getting tax decreases, and what percentage would have their taxes stay about the same. We received that information just about an hour ago. Like a number of other people who have asked for information, we have now been supplied it; others are still waiting, and I think in fairness to them—we all want to be fair to each other—there are a number of people who are going to be offering amendments as soon as they get information from the Joint Tax Committee. That staff is overworked. There is a backlog of requests. We know through no fault of their own they have not been able to furnish all the information which has been asked of them. But in fairness to a number of our colleagues, I think that is the reason why a number of people have been unable to prepare amendments, because they do not have information from the only source

of that information, the Joint Tax Committee, which is necessary for the amendment to be credible.

But in any event, I am happy that I have received the information I have asked for, and I first want to thank my friend from Oregon for helping to expedite this request. I think it was on the floor last week that I raised this question with him, and he said that certainly the staff would get to it as quickly as possible. They have done that, and I am grateful for this information, which has just now been received.

The letter reads in part that "Table 1 shows the figures produced by our computer analysis of the number of taxpayers with increases and decreases under the bill relative to present law. We believe that these figures suffer from flaws, described more fully below, that are sufficiently serious that we are unwilling to stand behind them as a statistically valid projection of the number of taxpayers with tax increases and decreases under the bill."

Now, with that major caveat, they have given me the figures. These are the best figures they have. We do not have any better figures than this, Mr. President. If these figures are unreliable, we have nothing upon which to base an assessment as to about how many folks in each income category are going to be paying more and how many are going to be paying less.

The Finance Committee did give us tables with their bill which show that there is an average tax cut in every income class. You go down this table 2 and it says here that if you are in the $30,000 to $40,000 income class, you can take some real comfort in knowing that there is a 5-percent tax cut for that class. And so I said, "well, wait a minute. That just says the class as a whole gets a 5-percent cut. How many people in that class will get a tax increase and how many will get a tax decrease?"

That is significant information. It was information which the Treasury gave us with the Treasury tax bill, and I think it is information which we ought to have so we can make a thorough assessment of this tax bill.

Now, with all of the qualifications that the Joint Tax Committee wrote in their text to me, here are the figures which they supplied me. And, again, these are the best figures we have. Let us go to that $20,000 to $30,000 category first. According to these figures, about 25 percent of the people in the $20,000 to $30,000 category could get a tax increase under this bill.

I say "could" because again the Tax Committee has said these are not statistically certain figures. So I have to say "could," but that is the best figure we have. Think of that, 25 percent of the people in the $20,000 to $30,000 income class could get a tax increase. Then you look at the $30,000 to $40,000 income class. Thirty-three percent of them could get a tax increase. And then you look in the $40,000 to $50,000 income class. Twenty-nine percent of them could get a tax increase.

Now, this data is either reliable or it is not reliable. I think there are two options. I do not know of a third. It is either reliable or it is not reliable. If it is reliable, it is significant. It is a significant fact and very different from the common understanding out there that just about everybody is going to get a tax cut except for wealthy folks who have sheltered all their income. This is significant information, if it is reliable, because it shows that in middle-income America, at least from $20,000 to $50,000, from 25 percent to 33 percent could get a tax increase. And of course then the question is who are these people?

That is something which we are going to try to find out more about as this debate ensues. But as I said, this data is either reliable, in which case it is significant, or it is unreliable, in which case it is also significant, because if we cannot get reliable data as to about how many people are going to be paying more in taxes and how many less in taxes, in each income category, that is a significant statement. We ought to have that information. That information was given to us by the Treasury with the President's tax bill. We ought to get that information on this tax bill, the best information that is available—and I know that we cannot get perfect information, but we can get the best information available so we can have a complete judgment.

One other interesting figure that I want to comment on on this table. It shows that if you make over $200,000, the wealthiest among us, about 54 percent of those folks will get a tax cut averaging $52,000. It also shows that the average tax cut is about the same as the average tax increase in the middle-income categories. For instance, go back to that $20,000 to $30,000 income category. It shows there that 25 percent of the people could get a tax increase averaging $339, and 68 percent could get a tax cut averaging $383. That is about the same. In the $30,000 to $40,000 income bracket, it shows that, as I said, about 22 percent of the people could get a tax increase averaging $525, whereas, about 64 percent could get a tax cut averaging $529—just about the same amount.

□ 1740

Then it might be said: "Gee whiz, look, 64 percent is bigger than 33 percent. If most folks in that category are going to get tax cuts, what's the problem?"

There are two problems. No. 1, a significant number of people in each income category above $20,000 at least—actually above $10,000—will be given a tax increase, which is very different from the common understanding in this country as to what is in this tax bill. Most people believe that just about everybody is going to get a tax cut except for some wealthy people who have abused the Tax Code, and the fact is that a significant number—it may be 17 percent, it may be 25 percent, it may be 33 percent—but a significant number of Americans, particularly middle-income Americans, are going to get a tax increase. That is a factor to be weighed. It is very different from the common understanding.

There is a second point, and it is this: Is it fair for as many as a third of the people, families earning from $30,000 to $40,000, to get a tax increase when a majority of the wealthiest among us, those over $200,000, are going to get a tax cut averaging over $50,000? Is that fair? That issue is one that we have to consider.

Is this question, in and of itself, the only factor which should be weighed in judging a tax bill? No. There are many factors to be weighed. But is this worthy of being weighed? Should we consider about how many families in each income category are going to be given a tax increase and try to figure out who they are? I think so. I think that is information which is worth having, worth digesting, worth analyzing, and trying to find out a little more about it. Who are those families? Are those the families with large medical expenses who will lose part of their medical deduction? Are those the families that have interest on education loans, money they borrowed to get their kids through college, who would lose the deductibility of the interest on those loans? Are these people who contributed to charity on the short form, who no longer would have the charitable deduction?

None of those is a special interest within any definition of special interest I have ever heard. Those are averaged Americans who had deductions for important necessities—medical expenses, education loans, and I would add charitable contributions as a necessity in this society.

So, Mr. President, at this time I ask unanimous consent to have printed in the RECORD the letter from the Joint Committee on Taxation to me, which I have just received, dated June 10, and the tables that are attached thereto, and table 1 with my percentage calculations on it as to what percentage in each income category will get increases and decreases.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, June 10, 1986.

Hon. CARL LEVIN,
U.S. Senate, Washington, DC.

DEAR SENATOR LEVIN: This is in response to your letter of May 14, 1986 asking for various statistics related to the individual income tax provisions of the Finance Committee bill.

Table 1 shows the figures produced by our computer analysis on the number of taxpayers with tax increases and decreases under the bill, relative to present law. We believe that these figures suffer from flaws, described more fully below, that are sufficiently serious that we are unwilling to stand behind them as a statistically valid projection of the number taxpayers with tax increases and decreases under the bill.

Table 2 shows the number of returns projected to claim the deductions for consumer interest, two-earner couples, State and local sales taxes, and medical expenses under present law in 1988. Also shown are the average deductions projected to be claimed on each return in the income class that itemizes and claims that particular deduction. It should be emphasized that the figures for the interest deduction are the result of an arbitrary division of nonbusiness, non-mortgage, interest between consumer interest and investment interest and may be misleading if used to judge the impact of the bill on particular taxpayers.

Table 3 contains distributional data on the deductions for IRAs claimed under present law. Because of data limitations, these figures are for 1984 rather than projected to 1988 like the other distributional data we have prepared and use adjusted gross income rather than economic income to classify tax returns.

Table 4 shows the percentage distribution by income class of the estimated tax reduction under the bill.

Although the figures in Table 1 are a by-product of the computer analysis used to produce our distributional data, we believe they contain serious flaws. Estimates of the number of returns with tax increases or decreases are very sensitive to small changes in tax calculations for individual taxpayers, so that items which lead to only small inaccuracies in average tax cuts could have a substantial effect on estimates of "winners and losers." The statistical problems include:

(1) A number of income, deduction, and credit items are imputed to the individual returns on our sample of tax returns. These imputations, while accurate on average, do not take account of possible relationships with many other tax items affected by the proposals. Thus, the number of winners and losers could be affected, for example, if those taxpayers who lose the two-earner deduction are more likely than average to use income averaging. Any such relationship is not reflected in the estimate of the two-earner deduction attached to particular returns in the sample, and, thus is not taken into account in producing the figures shown in Table 1.

(2) A number of pertinent items are omitted from our distributional data because we lack reliable sources. For example, omitted are such items as depreciation, and contributions to 401(k) plans and educational assistance plans. While the omission of these data has only a minor effect on the estimated average tax changes by income class, it could have a substantial effect on particular individuals and, thus, on estimates of the number of winners and losers.

(3) The relatively small size of our sample of tax returns for each income class may be a serious limitation on the accuracy of estimates of winners and losers.

In sum, our data base for estimating the income distribution effects of comprehensive tax proposals has certain limitations. While we believe that these have only a small effect on the accuracy of figures showing average effects by income class and other distribution data you have seen, they may seriously distort, in an unknown fashion, analyses of the number and type of taxpayers receiving tax cuts and tax increases.

Sincerely,

DAVID H. BROCKWAY.

TABLE 1.—TAXPAYERS WITH INCREASES AND DECREASES IN TAX LIABILITY UNDER H.R. 3838 [1]

[Tax year 1988]

	Number of taxpayers [2]	Percent of total	Number with tax increase	Percent of total	Average increase	Number with tax decrease	Percent of total	Average decrease
Income class:								
0 to $10,000	41,651,000	31.6	1,797,000	1.4	$186	12,533,000	9.5	−$162
$10,000 to $20,000	27,817,000	21.1	4,788,000	3.6	202	19,660,000	14.9	−315
$20,000 to $30,000	26,121,000	19.8	6,717,000	5.1	339	17,925,000	13.6	−383
$30,000 to $40,000	15,727,000	11.9	5,247,000	4.0	525	10,146,000	7.7	−529
$40,000 to $50,000	8,652,000	6.6	2,510,000	1.9	799	6,056,000	4.6	−820
$50,000 to $75,000	7,686,000	5.8	2,431,000	1.8	1,552	5,198,000	3.9	−1,218
$75,000 to $100,000	1,793,000	1.4	665,000	.5	3,189	1,116,000	.8	−2,724
$100,000 to $200,000	1,758,000	1.3	646,000	.5	7,605	1,086,000	.8	−6,239
$200,000 plus	655,000	.5	219,000	.2	50,030	359,000	.3	−52,535
Total	131,919,000	100.0	25,092,000	19.0	1,343	74,079,000	56.2	−816

[1] See text for substantial shortcomings of these data.
[2] Filers and nonfilers. Includes tax returns with no change in liability.
Source: Joint Committee on Taxation, June 6, 1986.

TABLE 2.—RETURNS AND AVERAGE DEDUCTIONS UNDER PRESENT LAW FOR SEVERAL MAJOR DEDUCTIONS REPEALED BY SENATE FINANCE COMMITTEE BILL

[Tax year 1988; dollars in millions; returns in thousands]

	Returns	Average non-mortgage and noninvestment interest expense	Returns	Average 2-earner deduction	Returns	Average sales tax deduction	Returns	Average medical expense deduction
Income class:								
$0 to $10,000	1,174	$1,239	1,109	$305	1,628	$206	1,415	$2,298
$10,000 to $20,000	4,431	1,061	3,142	342	5,261	291	3,674	2,634
$20,000 to $30,000	10,961	1,144	9,190	622	11,919	402	6,667	2,955
$30,000 to $40,000	9,205	1,317	7,610	876	9,968	475	4,729	1,957
$40,000 to $50,000	5,767	1,562	4,337	1,129	6,357	571	2,638	2,088
$50,000 to $75,000	5,414	2,027	3,293	1,352	6,096	687	2,068	1,931
$75,000 to $100,000	1,297	2,318	875	1,651	1,596	868	515	2,951
$100,000 to $200,000	1,050	3,909	645	2,042	1,366	1,039	344	4,350
$200,000 plus	331	11,561	203	2,360	438	1,517	75	7,910
Total	39,631	1,638	30,403	935	44,630	531	22,127	2,224

Note.—Averages take account only of those returns claiming deduction.
Source: Joint Committee on Taxation, June 6, 1986.

TABLE 3.—PAYMENTS TO INDIVIDUAL RETIREMENT ARRANGEMENTS 1984

Adjusted gross income (thousands of dollars)	Number of returns (millions)	Percentage distribution	Amount (billions of dollars)	Percentage distribution
Less than $10	0.7	4.6	1.1	3.2
$10—$20	2.2	14.6	4.0	11.0
$20—$30	3.0	19.3	5.8	16.3
$30—$40	3.2	20.5	7.1	19.8
$40—$50	2.3	15.0	5.9	16.5
$50—$75	2.6	16.7	7.5	20.9
$75—$100	0.7	4.5	2.2	6.1
$100—$200	0.5	3.6	1.7	4.7
$200 and above	0.2	1.0	0.5	1.4
Total	15.4	100	35.8	100

Note.—From the Joint Committee on Taxation.
Source: Advance IRS data.

TABLE 4.—DISTRIBUTION OF TAX REDUCTION UNDER SENATE FINANCE COMMITTEE BILL, 1988

Income class—1986 levels	Percentage distribution of tax reduction
0 to $10,000	6.3
$10,000 to $20,000	19.6
$20,000 to $30,000	17.1
$30,000 to $40,000	9.8
$40,000 to $50,000	11.1
$50,000 to $75,000	9.6
$75,000 to $100,000	3.5
$100,000 to $200,000	6.9
Over $200,000	16.1
Total	100.0

TABLE 1.—TAXPAYERS WITH INCREASES AND DECREASES IN TAX LIABILITY UNDER H.R. 3838 [1]

[Tax year 1988]

Income class (thousands)	Number of taxpayers [2] (thousands)	Percent of total	Percent same	Number with tax increase (thousands)	Percent with increase	Percent of total	Average increase	Number with tax decrease (thousands)	Percent with cut	Percent of total	Average decrease
0 to 10	41,651	31.6	65.7	1,797	4.3	1.4	$186	12,533	30.3	9.5	$ — 162
10 to 20	27,877	21.1	12.4	4,788	17.1	3.6	202	19,660	70.5	14.9	— 315
20 to 30	26,121	19.8	5.7	6,717	25.7	5.1	339	17,925	68.6	13.6	— 383
30 to 40	15,727	11.9	2.2	5,247	33.3	4.0	525	10,146	64.5	7.7	— 529
40 to 50	8,652	6.6	1.1	2,510	29.0	1.9	799	6,056	69.9	4.6	— 820
50 to 75	7,686	5.8	.8	2,431	31.6	1.8	1,552	5,198	67.6	3.9	— 1,218
75 to 100	1,793	1.4	.8	665	37.0	.5	3,189	1,116	62.2	.8	— 2,724
100 to 200	1,758	1.3	1.6	646	36.7	.5	7,605	1,086	61.7	.8	— 6,239
200 plus	655	.5	.8	291	44.4	.2	50,030	359	54.8	.3	— 52,535
Total	131,919	100.0		25,092		19.0	1,343	74,079		56.2	— 816

[1] Joint Committee on Taxation, June 6, 1986.
[2] Filers and nonfilers. Includes tax returns with no change in liability. See text for substantial shortcomings of these data.
Note.—Preliminary, including Levin computations.

Mr. LEVIN. Mr. President, again I want to thank the chairman of the Finance Committee for his help in getting this information to me. It is information I have been waiting for, which I believe is something we should consider, which will contribute to the debate, I hope.

If the chairman will yield for a question, I wonder if he might be able to answer one question about that table, if he is familiar with it. Again, we have the limits of this information that has been given to us in this letter, saying that this information is not so statistically certain that we can rely on it.

I pointed out that if it is reliable, it is significant; and if it is not reliable, that is also significant.

The question is this: The aggregate of each of those numbers——

First, to be fair to the chairman, does he have a copy of the chart?

Mr. PACKWOOD. I do not.

Mr. LEVIN. I will withhold my question, because I do not think it would be fair to ask him that question.

AMENDMENT NO. 2060

Mr. STAFFORD. Mr. President, I have frequently listened to the discussion in the Senate this afternoon on the television set, and I was able to hear some of our colleagues deplore the fact that throughout the day and the 2 earlier days no one had offered an amendment to the bill. It began to appear to the Senator from Vermont as though Members, recognizing the support this bill has, were probably unwilling to come forward with the first amendment, in fear that they might find themselves defeated and would have to go away with the stigma of having lost the first amendment on this excellent tax bill.

So, in a spirit of self-sacrifice, and realizing that I strongly support the bill, I thought that somebody ought to offer the first amendment, so that we would pass that milestone and move on to disposing of other amendments that might be offered on this bill, and in the process pass the bill this week.

In that spirit, I have prepared an amendment which I will offer shortly. I will say at the outset that I regret that I did not have the information that the distinguished Senator from Michigan was reading and commenting on a few minutes ago. In fact, I did not have any information from the Office of Management and Budget, either. In fact, I did not seek any from the Office of Management and Budget. This has been prepared without much expertise on the part of anybody.

Nevertheless, I send this amendment to the desk and ask for its immediate consideration and that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont [Mr. STAFFORD] proposes an amendment numbered 2060:

At an appropriate place in the bill insert the following:

No person over 75 years of age with net income less than $40,000 shall pay any

income tax so long as such person's hair does not turn white.

[Laughter.]

Mr. STAFFORD. Mr. President, I hasten to point out that the Senator from Vermont is not yet 75, so this is not a self-serving amendment.

I said that it was offered without much tax information. It does seem that I will reach a point before long where it would have considerable merit, but I have not achieved that point yet.

I say to the chairman of the committee that I had thought about asking for a rollcall. But it has occurred to me that the purposes of this amendment would be achieved without putting the Senate through a rollcall.

On those statements and the assurance that it would have little or no impact upon the neutrality of the tax measures, the Senator from Vermont will yield his case.

Mr. BENTSEN. Mr. President, if the Senator will yield, it seems to me that the amendment is not Grecian—I mean germane.

Mr. STAFFORD. The Senator from Vermont was unable to hear what his friend the Senator from Texas said. We note that the Senator from Texas would not qualify under this amendment, anyway.

Mr. PACKWOOD. He thinks the amendment is not Grecian—he means not germane.

Mr. STAFFORD. He thinks it is not germane?

Mr. PACKWOOD. Never mind.

Actually, if I thought this was the only amendment we might have to accept, I would accept it and close down now. Despite the merits of this amendment, it would not shut off other amendments.

Therefore, while I appreciate very much the Senator from Vermont offering it, I think it should lay over at the desk until we have a chance to give it deeper and further consideration.

Mr. STAFFORD. The Senator from Vermont will be agreeable to that procedure or to a voice vote at this time, whichever the chairman wishes.

Mr. PACKWOOD. This is a matter of such extraordinary importance that I am reluctant to have a voice vote with so relatively few people in the Chamber, because I have a hunch that some people might want to discuss this amendment at some length.

Mr. STAFFORD. It would be agreeable to me that it lay over at the desk, and this Senator will assume that it will receive the discussion it deserves from this body.

□ 1750

Mr. PACKWOOD. I thank my good friend.

Mr. GRASSLEY. Mr. President, for the benefit of the floor managers of this bill, I do not have an amendment at this point. I would like to take an opportunity to make some observations on this bill and Tax Code generally.

We are now debating the fourth major tax bill to be considered by this body since I became a Member of the Senate in 1980.

In 1981, Congress enacted what we termed the Economic Recovery Tax Act. In 1982, we took back some of those incentives that were passed in that 1981 legislation, and we called that 1982 act the Tax Equity and Fiscal Responsibility Tax Act. Then in 1984, we meddled again with the Tax Code to raise revenue and close loopholes, and called that bill the Deficit Reduction Act. All of these tax bills were labeled you might guess correctly tax reform," whether they were tax reform or not.

The bill we consider today is the culmination of an idea first generated by Senator BRADLEY, preached later by Congressman KEMP, studied extensively by the Treasury Department, and pushed relentlessly by President Reagan. It was prodded through the Ways and Means Committee and a less than enthusiastic Democratic House of Representatives. Then the worst nightmare of so many of us on the Finance Committee came to pass. The baby everyone was calling "tax reform" was on our doorstep, and we as members of the Finance Committee had to figure out what we were going to do with that orphan.

Chairman PACKWOOD's initial efforts, to put together a consensus package, were really valiant efforts. He incorporated many of his Members' favorite tax preferences and met the President's general criteria for tax reform which were lower rates, a $2,000 personal exemption, fairness, and simplification. But as the committee began taking votes, it became readily apparent that a majority of us did not believe that the trade-offs of reduced rates were worth the loss of anybody's tax preferences.

In spite of what seemed to be at best ambivalence in the grassroots about the great tax debate going on in Washington, Chairman PACKWOOD persisted. And, of course, as now is evidenced by the legislation before this body his persistence has paid off.

I want to be frank and candid and say that I had some reservations as we voted this bill out of committee on a 20-to-0 vote. But my travels at home about 2 weeks after that vote, during our Memorial Day recess, have convinced me that we did the right thing. Although many people, both within my State and without, still have objection about a particular aspect of the bill here or there, they still seem to like the overall approach that this legislation takes. Very few of these constituents have objections that are so strong that they would reject the entire bill just to save their favorite tax preferences. I share their belief that this bill, the 27-percent solution as it has been named, is far from perfect. Yet, it is better than any other proposal considered so far, and of course, it is a vast improvement over current law.

I believe that we have gone a long way in this legislation to restore credibility to the tax system, Mr. President. This is, I believe, a once-in-a-lifetime opportunity to simplify an overly complicated Tax Code.

There are, of course, some problems with this bill, as you might expect with any piece of legislation. These problems concern me, some of them concern me greatly and, of course, they should not be ignored in the debate of this body and they will not be ignored.

But when it is all said and done, I believe an overwhelming number of my colleagues, will come to appreciate what those of us on the committee have struggled with since our 36 days of hearings which began almost a year ago right now last summer.

This tax bill makes tremendous progress in simplifying the Tax Code for the 6 million taxpayers who, of course, will be taken off the tax rolls. Now 80 percent of all taxpayers would file under the 15-percent rate, and that is good. An estimated 80 percent of all taxpayers would no longer need to itemize their returns and I think those taxpayers will see significant progress in simplifying the tax system.

For those taxpayers who have played games of investing in passive activities which generate losses that shelter their other income, tax planning will also be simplified, because losses generated by those passive investments will now be limited. The incentive to avoid taxes by such investments is significantly reduced. In return those taxpayers will be taxed at a maximum effective rate of 27 percent.

This rule will take much of the tax incentive out of investment in agriculture for outside investors who are quite frankly more interested in farming the Tax Code than in farming the land.

It will eliminate the incentives to invest in commercial office buildings which today remain empty, and hopefully it will cause people to make capital investments, whether it be in commercial or in agriculture, based on economic income producing activities rather than on the tax incentives.

American businesses have made substantial progress toward the goal of leveling the playing field. Under current law, corporations with virtually the same economic income, yet engaged in different activities, can have widely different tax liabilities today. This bill would substantially reduce

the difference in tax rates among industries. While some companies have paid tax at or near the top rate of 46 percent, the others have been able to reduce their tax by preferences considerably below that rate. Now, of course, under this bill, all corporations will be closer to the top rate of 33 percent. Moreover, with a stiff alternative minimum tax, it is virtually assured that no longer will profitable corporations escape paying any tax.

I am hopeful some modifications either on the Senate floor or in the conference committee can be achieved. The deferral of rate reduction until July 1, 1987, while eliminating the investment tax credit as of January 1, 1986 and all other preferences as of January 1, 1987, will result in fewer individuals receiving tax cuts in the next 2 years than I would like. I think that is something that is being looked at, and hopefully can be worked out so that adjustment can be made. This legislation will be then looked upon more fairly by the individuals if not only in perception but in fact the tax reductions will be in 1987 instead of, for most people, waiting until 1988, and 1989.

Many will recall that this scenario led to a recession in 1982 following the tax cuts of 1981.

I am also deeply disturbed by the retroactive aspects of many changes in the law. Whether or not it was good policy, our Tax Code permitted, if not encouraged passive investment in real estate and other activities. Now, taxpayers who made legitimate investments are being told, "Sorry, we are changing the rules, and unless we do that on your current investments the bill loses too much money."

Well, that is a message we have to give them. That is what I voted for out of committee and maybe that will have to be maintained, but I think it is legitimate that we look at that and if something can be done we ought to do it.

I am disturbed that we are funding lower rates with these retroactive changes. That is a big source of revenue, a fact of life, again but something that maybe we can take a look at here right now or in the conference committee.

I hope an effort can be made to at least partially rectify this situation by extending the phase in of these rules.

Mr. President, that is all I have to say at this point on specific aspects of the bill, particularly those things dealing with closing tax sheltering in agriculture. I am going to have more to say in the future. But in regard to that aspect of this bill, closing practically every incentive in the Tax Code that could be used to shelter outside income in agriculture is one of the major things in this legislation that I want Members of this body to focus upon.

I am sure my colleagues have been hearing from their agricultural constituency over the last 4 or 5 years.

What I'm sure they have heard is that we ought to close those loopholes, not just for the sake of bringing in that additional revenue, but as one way of preserving the institution of the family farm. Because if there is anything that has threatened that institution of the family farm it has been an unfair Tax Code that has made it possible for the nonfarmer to use agriculture as an offset of nonfarm income.

The family farmer of America has not been able to compete with the outside investor. And it has put the family farm in a very detrimental position compared to the rest of the economy. This bill will help rectify that.

I am going to have more to say about that and other parts of the bill in the future. But, of course, I am glad this long-awaited debate on tax reform has arrived—and I use the word "tax reform" in the truest sense of the word. This time, it is a tax reform bill, unlike many of those other bills that have recently passed the Congress. I am not only interested but eager to help accomplish tax reform, in fact.

Mr. President, I suggest that absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HUMPHREY). Without objection, it is so ordered.

Mr. PACKWOOD. I ask unanimous consent that the Stafford amendment which is at the desk be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

□ 1820

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, the managers of the bill feel a little like the Maytag repairman. They are waiting for the phone to ring, waiting for business. This tax reform bill is such a good product, nobody wants to amend it.

This development is certainly a compliment to the distinguished chairman [Mr. PACKWOOD] and the distinguished ranking member [Mr. LONG]. But this is Tuesday. Yesterday was Monday. Last week, we had a Wednesday session during which we discussed the tax bill all day; 4 hours yesterday, 4½ hours today, most of that time spent on the bill.

I know nobody wants to be first to offer an amendment. I do not know why that is. Most people like to be in front. But the fact is, the managers are ready to do business.

It must be discouraging when you are watching C-Span and all you see is "The Senate is conducting a quorum call." We told people the Senate would be exciting, so tune us in. But all they see on the screen is "The Senate is conducting a quorum call."

Mr. President, I think we have to redeem ourselves around here is we are going to be TV stars. So let's start offering amendments. I know there are a number of amendments that are prepared and ready to go. We have a chance to finish this bill this week. There are a number of Members who do not have any amendments, perhaps a majority.

Mr. PACKWOOD. Mr. President, I have in my book of amendments, alphabetized, about 41 or 42 potential amendments. Many of them would be fairly characterized as minor but I have a total of 41 or 42. I have tried to find out everything from every Member, and every legislative aide, so we could work on them, cost them out and prepare for them. That is the most I know about. I think it would be unlikely that more than 10 or 15 of those would be offered under any circumstances.

Mr. DECONCINI. Would the majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. DECONCINI. Mr. President, we have a request into the Joint Committee on Taxation, I think for eight or nine different specific things we have asked for. We have only been able to get two back. I have a couple of amendments.

I made an error last week when I said that we had already sent the request in. We had not. We had drafted the letter and I was blaming the Joint Committee on Taxation so I would like to apologize because last week, our letter had not gone. Now it has gone.

In our caucus today, and the minority leader can speak to that better than I can, there was great consternation at being unable to get figures from the Joint Tax Committee.

I think that would help. I would be ready to offer an amendment if I had the counterbalancing revenues and I do not know if I have it. If I come out here and offer an amendment—I have several in mind—and the distinguished chairman of the committee or the ranking member stands up and says, "Your figures are not right; here, I have them," it puts some of us at a great disadvantage.

Mr. DOLE. I know the staffs of the joint committee have been providing a lot of information to Senators. Obviously there is some information they are not going to be able to provide, but not from a lack of effort. It may be simply impossible to obtain the requested information. Certainly, the committee is prepared. It does an outstanding job. But I assume there are always going to be some questions in that area that may not be fully resolved. I cannot remember a tax bill coming to the floor where everybody had all the information he wanted.

Mr. PACKWOOD. I understand what the Senator from Arizona is saying. The joint committee is working night and day to give them an answer. Thumbing through this book without mentioning names, I see passive loss phasein. We know the cost to do it but they want to stretch it out.

Increasing expenses deductions for small business from where they are in the bill. We know within $100 million on something that is a multibillion-dollar item what it costs and the Member knows if he offers it how he is going to finance it. That is with a change in depreciation.

Great Barrier Islands—going through, the charitable contributions, to put them back in above the line. We know exactly what it will cost.

So these are not joint committee shortcomings. I think these are, for whatever reason, maybe indications of reluctance to go ahead, but the information is in the hands of those who want to propose an amendment now.

Mr. BYRD. Will the majority leader yield?

Mr. DOLE. I am happy to yield

Mr. BYRD. Mr. President, what the distinguished Senator from Arizona has said is correct. We had this matter up in conference today and the same concern was expressed on the part of several Senators. They have tried to get information. One Senator said he has been given information but has since been informed by the Joint Committee on Taxation that the information he had been given by that committee is wrong. Others on my side of the aisle have those concerns and I am sure they can verify what I have said.

I can understand the vexation and the frustration of the distinguished majority leader and the distinguished manager of the bill, the chairman of the committee, Mr. PACKWOOD. At the same time, I am sure they will understand the needs on the part of Senators on both sides of the aisle to secure whatever information can be secured from the Joint Committee on Taxation so that Senators will be in a position to cost their amendments out. That joint committee, I am told, is the only entity on the Hill that has the facilities—supercomputer models and so on—that can provide this kind of information to Senators.

□ 1830

So I simply say that I hope the distinguished Senator, who is chairman of the Finance Committee, Mr. PACKWOOD, and who is also vice chairman of the Joint Committee on Taxation, and the distinguished majority leader, who is also on the Joint Committee on Taxation—there are five Senators on it: Senators PACKWOOD, DOLE, ROTH, and among those five are two Democrats, Senators LONG and BENTSEN. I have talked to Senator LONG and Senator BENTSEN about this matter privately, and we also discussed it in the conference. They know we are having problems. I would simply urge the majority leader—and I have done this before, and he has responded positively before and indicated that he would do what he could—to get the joint committee to move, and he, I think, subsequently indicated that he had made that contact and the joint committee was making every effort it could to supply that information, but I would only urge that Senators who are on that joint committee do whatever they can to get the responses expedited to Senators who have asked for such information. I feel, once that information is available, there will be amendments called up. I can only speak for this side of the aisle. I have no amendment. But if that kind of information could be forthcoming from the Joint Committee on Taxation, then I am confident Senators on this side of the aisle who have amendments, would then be in a position to present their amendments and attempt to justify them. I thank the majority leader.

Mr. DOLE. I thank the distinguished minority leader. We do want to accommodate Senators. In fact, as the minority leader knows, he indicated last Wednesday, and properly so, that we needed the weekend just to take a look at the mass of material now before us. That was a reasonable suggestion—not a request, a suggestion—and we moved to the supplemental. We were able to finish that task on Friday night. But there probably are some amendments where we do have the estimates and those are the ones we ought to consider.

I am not suggesting that somebody who does not have their figures should rush over and say, "Well, I do not know what it costs, I do not know whether it raises or lowers taxes, but it is a good amendment and we ought to vote for it." That might be the best argument. I think Senator PACKWOOD has all the votes he needs on a bipartisan basis. But it is my understanding that Senator ROTH may be willing to come to the floor now and offer his IRA amendment and we would like to dispose of that amendment, if I understand the chairman correctly, this evening. I think once we start disposing of amendments it will encourage other Members to bring theirs to the floor.

Mr. FORD. Will the distinguished majority leader yield?

Mr. DOLE. I will be happy to yield the floor.

Mr. FORD. No, I want the Senator to yield the floor. I want the Senator to yield for a question. Did the majority leader say that the chairman of the Finance Committee was ready to accept, to get rid of it? That means you are going to have a vote tonight then?

Mr. PACKWOOD. Read to consider.

Mr. FORD. I am sorry, I misunderstood because the way the Senator made his statement it seemed that that amendment was ready to be disposed of this evening, and since there will be no more votes this evening I thought it would be an acceptable amendment.

Mr. DOLE. I think it depends upon which one he offers.

ARIZONA STATE—NCAA BASEBALL CHAMPIONS

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. DECONCINI. Mr. President, on a different subject, I ask unanimous consent that a resolution I send to the desk be considered in order at this particular time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

S. RES. 426

Whereas, on June 9, 1986, the University of Arizona won the National Collegiate Athletic Association (NCAA) College World Series;

Whereas, only an outstanding team could have beaten the top ranked Florida State University Seminoles who compiled an outstanding 61 wins and 13 losses this season under coach Mike Martin;

Whereas, Mike Senne, the series most valuable player, and Gar Millay hit two-run homers, and Tommy Hinzo stole home plate leading the University of Arizona to a 10 to 2 victory;

Whereas, this is the University of Arizona's third national title in ten years under the coaching of Jerry Kindall: Now therefore be it;

Resolved, That the Senate of the United States of America joins with baseball fans in Arizona and Wildcat alumni across the Nation in honoring the University of Arizona for winning the NCAA College World Series.

The Senate proceeded to consider the resolution.

Mr. DECONCINI. Mr. President, I thank the clerk for reading the resolution. I know there are many more important things this body needs to address, including the amendments that the distinguished chairman of the Fi-

nance Committee is attempting to get considered, and other business. But once in a while I think it is nice to pat ourselves on the back.

Mr. President, last night in Omaha, NE, the University of Arizona Wildcats baseball team won their third National Collegiate Athletic Association championship. On behalf of Senator GOLDWATER AND Senator DOLE, who both attended the University of Arizona, I am pleased to bring their resolution before the Senate because this is an outstanding school in many respects. Just last week I had an opportunity to discuss in a far more serious vein, as it related to Arizona State University, the urgent supplemental bill Department of Defense authorization research projects and expenditures on those projects. I am very fortunate, indeed, to represent the State of Arizona with my senior colleague and we offer this resolution that has, by the way, been cleared by the Judiciary Committee and both the majority and the minority sides of the aisle, and my respects and appreciation to the majority leader, the minority leader, Senator THURMOND, and Senator BIDEN for their expeditious handing.

□ 1840

It would be appropriate that we pass this today, seeing that this is the first day of business after this stunning victory.

Florida State University is a great team, ranked No. 1. This resolution in no way takes away from that outstanding school. But being an Arizona alumnus, I am proud to have offered this resolution today, and I ask for its immediate consideration.

The PRESIDING OFFICER. Is there further debate?

Mr. DECONCINI. Mr. President. I thank Ed Baxter and Bill Woods of my office for having put this monumental piece of legislation together.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TAX REFORM ACT OF 1986

The Senate continued with the consideration of H.R. 3838.

Mr. ABDNOR. Mr. President, I wish to compliment my distinguished colleagues on the Finance Committee for their persistence in giving meaningful tax reform another life. Ever since the President first introduced his blueprint for tax reform, I have been skeptical of its future. And I must admit that I have been less than enthusiastic about most of the various tax proposals which have been circulating on Capitol Hill for the past 2 years.

H.R. 3838, as reported by the Senate Finance Committee, is a horse of another color. I believe this package is a positive first step toward genuine and meaningful reform.

For years, I have been actively pursuing a solution to the abuses which exist in the Tax Code as it affects agriculture. As many of my colleagues know, I have introduced legislation in the last two sessions of Congress which would correct these abuses and have even had the Senate support my concept in the form of a nonbinding resolution. Notwithstanding that resolution, my pleas for a binding solution have gone unheeded. Until now, that is. The buck has finally stopped.

It is for this reason that I commend my distinguished colleague, Chairman PACKWOOD, for his keen insight in addressing this issue in his bill. A solution to this problem has been long overdue, and H.R. 3838 has effectively provided such a solution. So I commend the distinguished chairman and his committee for that.

There are many legitimate reasons to reform the Tax Code. Most have been addressed in the Finance Committee bill. And whether it is a stated objective or a byproduct of the overall goal of the tax reform movement, this bill makes significant progress toward a Tax Code which is proagriculture. By that, I mean bona fide, full-time, commercial-sized farms will be treated fairly and not be put at a disadvantage by nonfarmer tax sheltering.

Further, I believe this tax package will work in cooperation with the objectives of farm policy. All too often, the Tax Code has provided incentives to expand and increase production, while the Farm Program attempts to restrain production. I am convinced that much of this problem is due to nonfarmer involvement in agriculture, a factor which is contributing to the demise of our family farms.

For far too long, tax loss farmers have harvested the Tax Code, plowed up fragile lands and added to the farm sector's overproduction problems. My goal is to return farming to those who are interested in farming for a profit rather than for a loss. The Finance Committee bill will help me realize that goal.

I wish to dismiss a myth perpetuated by critics of my tax-loss legislation and by those who may criticize the mechanism used by the Finance Committee bill to curtail agricultural tax sheltering. This myth is that limiting tax sheltering activities will ruin investment opportunities in agriculture. I will not argue that it will eliminate destructive investment. But it will not wipe out legitimate investment in agriculture. Anyone can still invest in farming and take full deductions, so long as they are in farming to make a profit, not a loss. Those who have dirt under their fingernails will be allowed full deductions, those who do not will not. It is as simple as that.

Mr. President, let me illustrate the glaring need to close this loophole with a few statistics compiled by my Joint Economic Committee.

STATISTICS

In 1982, over 36,000 tax returns had adjusted gross incomes exceeding $100,000 and showed farm losses. In total, these wealthy individuals took over $1.2 billion in tax deductions, or an average deduction of $34,000 a return. They took more in deductions than most Americans even earn.

And the wealthier you are, the more income you have to shelter. That same year, 1982, farmers losing more than $200,000 had off-farm incomes averaging $568,000 and they took farm loss deductions of $410,000. You just don't throw that kind of money away. These people aren't stupid. They're sheltering this kind of money from Uncle Sam.

In 1982, if the farm sector had neither paid taxes nor taken deductions, the U.S. Treasury would have been better off. In 1982, only one-third of all farm proprietorships reported farm profits totaling $7.7 billion. The other two-thirds showed losses totaling $19 billion.

Mr. President, I feel that this has gone on long enough and must be stopped, and that is exactly what this tax reform bill would do.

Mr. President, in shifting gears for just a moment, I would also like to point out that while I largely support the Finance Committee legislation, I do have reservations with a few components of the bill which I believe clearly violate the "fairness" objective so relentlessly fought for in tax reform.

Investment tax credit and passive loss changes are made retroactively to January 1, 1986. This is unfair. South Dakota's essential air carrier has made investment decisions subsequent to January 1 based on current investment tax credit law. This company, Mesaba Airlines, projects that the retroactive ITC provision in the tax bill will drive up its operating costs by $500,000 for the 1986 tax year. Mesaba's 1985 bottom line showed a $200,000 profit. It does not take an economist to point out that the projected increase in 1986 operating costs could literally drive this company out of business and rob South Dakota of essential air service.

Further, the Finance Committee retains full deductions for State and local income, personal property, and real estate taxes while eliminating deductions for State and local sales taxes. As is true for several of the

States represented in this body, South Dakota has no State income tax and relies exclusively on sales taxes to raise revenue.

The average sales tax deduction for South Dakota's itemizing taxpayers in 1985 amounted to $505. Mr. President, I believe it is patently unfair to deprive taxpayers in States with no State income tax of the deduction for State sales taxes. Moreover, I am hopeful the Members of this body will support an amendment I am cosponsoring which will make the deductibility issue fair for all taxpayers, regardless of geographic location.

Mr. President, it is my hope that improvements can be made in this bill along the lines I have just mentioned. I believe these fairness issues need to be addressed. However, I will not support floor amendments which will in any way jeopardize the integrity of this package. The engine which drives this bill is lower rates, and I will not support changes which compromise the current rate structure.

Mr. President, I again wish to compliment our distinguished Finance Committee chairman and his colleagues for their role in developing this monumental and much needed legislation. I trust this body will pass which is consonant with the objectives embodied in their version of H.R. 3838.

Mr. President, as the Senate continues its deliberations on tax legislation, I wish to submit for the RECORD a study prepared for me and the Joint Economic Committee by the Congressional Research Service.

It is entitled, "Farm Income Taxation Under the Finance Committee Tax Bill." I commend this paper to my colleagues as an excellent background on how agriculture may be affected by many provisions of the tax reform package. I wish to extend my gratitude and thanks to its author, Mr. Jack Taylor, whose many works have made a valuable contribution to the public policy process.

Mr. President, this study suggests that the tax bill likely will produce multiple benefits for full-time family farm operations. It also identifies portions of the tax bill which may affect investment, conservation, and other decisions. Furthermore, this study shows how the Finance Committee tax legislation addresses the problem of abusive tax sheltering. Ridding agriculture of that menace will go a long way to improve conditions for genuine farmers who depend on farming as their sole livelihood.

I ask unanimous consent that the study be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FARM INCOME TAXATION UNDER THE FINANCE COMMITTEE TAX BILL

INTRODUCTION

The tax reform bill approved by the Senate Finance Committee on May 7, 1986, like most of the other recent tax reform proposals, makes profound changes in the U.S. income tax system. It follows the general pattern of recent tax reform proposals in broadening the tax base and reducing the tax rates. It goes further than most of the other proposals in placing restrictions on tax shelter investing. But it probably reduces the special tax privileges of farmers less than any of the other major proposals.[1]

The Finance Committee (officially an amended version of the House-passed tax reform bill, H. R. 3838) reduces tax rates, broadens the tax base in a number of important ways, including eliminating the tax preference for capital gains for individuals and repeal of the investment tax credit, imposes a possibly stringent minimum tax on corporation, and attacks tax shelters directly by severely limiting the deductibility of losses from "passive" investments. It also preserves some of the more cherished of the tax benefits for farmers, particularly cash accounting and a generous system of capital recovery for depreciable assets.[2]

This report discusses the provisions of the Finance Committee bill that most affect the way farm income is taxed.

OVERVIEW OF THE FINANCE COMMITTEE BILL

For farmers filing as individuals, the bill raises the personal exemption to $2,000 per person and provides a standard deduction of $3,000 for each single or $5,000 for each joint return, thus removing from the income tax rolls any individual with less than $5,000 of gross income and any family of four with less than $13,000 of gross income. Additional amounts of income would be taxed at two statutory rates: the first $17,000 taxable income for single individuals or $29,300 for married couples is taxed at 15 percent and all additional taxable income at 27 percent.

That is not the whole story, however. Instead of additional tax rates, the bill achieves somewhat the same effect by phasing out the income taxed at 15 percent for married couples with adjusted gross incomes between $75,000 and $145,320 ($45,000 and $87,240 for single individuals) and phasing out the personal exemptions for married couples with adjusted gross incomes between $145,320 and $185,320 ($87,240 and $127,240 for single individuals). These phase-out provisions have the effect of adding additional tax rates on higher-income individuals; for example, for married couples with incomes of $75,000 to $145,320 and ordinary-sized deductions, it is as if there were a third rate bracket of 32 percent, and for a married couple with one dependent and an adjusted gross income between $145,320 and $185,320, it is as if there were a fourth rate bracket of 30.9 percent. For married couples with adjusted gross incomes of more than $185,320, all taxable income is taxed at a flat rate of 27 percent.

This complex rate structure affects only a very small proportion of taxpayers; the Finance Committee estimates that 80 percent of all taxpayers will be in the 15 percent tax bracket.

Income averaging, the two-earner couple deduction, the nonitemizers' charitable contribution deduction, and itemized deductions for sales taxes, consumer interest (other than mortgages on first and second residences), and miscellaneous deductions are repealed. The itemized deduction for medical expenses is allowed only for expenses greater than 10 percent of adjusted gross income. A deduction for investment interest is allowed only against investment income, and there is an additional restriction on deducting losses from activities in which the taxpayer does not actively participate (discussed further below).

Corporate tax rates are also reduced: net taxable income of $50,000 or less is taxed at 15 percent, that between $50,000 and $75,000 is taxed at 25 percent, and that over $75,000 at 33 percent. The graduated rates are phased out for larger corporations, so incomes of $350,000 or more are taxed at a flat rate of 33 percent. Capital gains treatment is retained for corporations, with an alternative tax rate of 28 percent.

The investment tax credit is repealed, uniform rules for capitalizing inventory and construction costs are imposed (but not for noncorporate farm income), and business meal and entertainment deductions are limited to 80 percent of the cost; but otherwise the deductions permitted to businesses generally are retained. Some industries especially favored under the present tax code, such as financial institutions and insurance companies, lose some of their preferential treatment; but others, such as oil and gas and agriculture, retain most of their special rules.

DEPRECIATION AND INVESTMENT CREDIT

Under the accelerated cost recovery system (ACRS) of present law, most farm equipment is depreciated over five years and is eligible for the investment tax credit. This means that ten percent of the cost of equipment is deducted from the tax bill in the year of purchase, the cost is reduced by one-half of the investment tax credit, and the balance is depreciated at a rate of 150 percent of the declining balance, switching to straight line when that becomes more advantageous. Single-purpose structures, such as milking parlors and greenhouses, are treated as equipment, with five-year lives and the investment tax credit. Other farm buildings are depreciated by the 150-percent declining balance method over 19 years and are not eligible for the investment tax credit. Up to $5,000 worth of depreciable property can be expensed (a deduction for the full cost taken in the year of purchase). This limit is scheduled to increase to $10,000 in 1990.

The Finance Committee bill repeals the investment tax credit but generally liberalizes the depreciation schedules under ACRS. Most farm equipment will still be depreciated over five years, but by the 200-percent declining balance method. Cars and light trucks are retained in the three-year recovery class, but are depreciated by the straight-line method. Single-purpose structures are moved to the ten-year recovery class and depreciated by the 200-percent declining balance method. Other farm buildings (except tenant housing) are depreciated by the straight-line method over a recovery period of 31½ years. (Residential buildings

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[1] For a description of the farm income tax provisions of the other major tax reform proposals, see the following CRS reports by Jack Taylor: Farm Income Taxation Under the House Tax Reform Bill (Report No. 86-509 E, dated January 7, 1986) and Impact of the President's Tax Proposals on Farm Income Taxation (Report No. 85-788 E, dated June 10, 1985).

[2] See U.S. Senate. Committee on Finance. Tax Reform Act of 1986. Report 99-313, May 29, 1986. U.S. Gov. Print. Off. Washington: 1986.

receive a life of 27½ years). Up to $10,000 worth of machinery and equipment may be expensed in any year in which the taxpayer's total investment in such property is no more than $200,000.

Under present law, the discounted present value of the depreciation deductions and investment tax credit on $1,000 worth of farm equipment is approximately $1,000 at a 10-percent discount rate. Using the same discount rate, the depreciation under the Finance Committee bill has a net present value of approximately $892. Thus present law gives somewhat larger capital recovery benefits for typical farm investments. In addition, tax rates are reduced for most taxpayers under the Finance Committee bill, so a deduction for depreciation, like any other deduction, is worth less (that is, it does not reduce one's tax bill by as much). On the other hand, the important point is what tax is paid on the income the depreciable asset is used to produce; and for most taxpayers, the tax rate on that income will be lower.

EXPENSING CAPITAL COSTS

Under present law, farmers can deduct on a cash basis purchases of materials and supplies and other costs that another business would be required to include in inventory. They also deduct many of the costs of raising livestock, trees, and vines that are really capital assets (that is, assets that will be used to produce other products). These special accounting rules, which are not allowed nonfamily corporations and are restricted for tax shelter operators and citrus and almond growers, are of considerable value to many livestock farmers and orchard and vineyard owners.

Although the Finance Committee bill imposes more stringent capitalization rules on most business, farmers are generally excluded from any of the new restrictions. With a few exceptions, farmers retain all the cash accounting privileges allowed them under present law.

One exception involves the special rules for land-clearing expenses and soil and water conservation expenses. Under present law, these capital expenses are deductible within limits. Under the Finance Committee bill, land clearing expenses would no longer be deductible and soil and water conservation expenses would be deductible only when certified as a part of a conservation plan of the State or Federal Government. (The special deduction for fertilizer and soil conditioners is continued from present law.)

A second exception is aimed at tax shelter investors, particularly cattle feeding investments. If more than 50 percent of the costs of feed, seed, and other supplies and other farm costs is prepaid (that is, for items not used up in the year purchased), the excess over 50 percent could not be deducted until the year the supplies were used.

Although the tax advantages of cash accounting are retained for most farmers under the Committee bill, one of the advantages from present law disappears because of the repeal of capital gains treatment for individuals. Under present law, capital gains treatment can compound the advantages of cash accounting, especially for livestock; all the costs of raising the animal are deducted from income taxed at ordinary rates, and the income from selling the animal is later taxed at capital gains rates.

TAX SHELTER FARMING

The income from a source such as farming can be so substantially mismeasured by the tax accounting rules that there is a tax loss greater than the economic gain or loss from the source (or the equivalent in the form of a tax credit greater than the tax on the income source). The excess loss or credit can then be used to reduce the taxes that would otherwise be due on income from other sources, thus "sheltering" the other income from tax. Offsetting taxes on other income is probably the most important characteristic of what is popularly called a "tax shelter."[3]

The Finance Committee bill deals with tax shelters by at least four different approaches. Tax shelters become less valuable as tax rates are reduced, so the lower rates in the bill should help in reducing tax shelter activity. (In fact, the rate reductions could well be the most important provisions in the bill for curtailing tax shelters.) Second, tax shelters depend on different sources of income being taxed differently, and the bill reduces some of the differences in tax rates. Repeal of the investment tax credit and capital gains treatment for individuals removes two of the major causes of tax rate differentials and reduces opportunities for tax shelters. Third, there is an alternative minimum tax that covers many of the remaining tax preferences, adding to the complexity, and probably in some cases the cost, of tax shelter investing. Finally, there are several direct restrictions on using tax shelter investments to offset other income, including restrictions on the deductibility of interest and a general restriction on deducting "passive investment" losses. These last two approaches, which can be quite complicated, are described in more detail below.

THE ALTERNATIVE MINIMUM TAX

Under current law, individuals are subject to an alternative minimum tax if they make excessive use of tax preferences to reduce their regular tax liability. (Corporations are subject to an "add-on" minimum tax of somewhat different design but with a similar purpose.) "Alternative minimum taxable income" is derived by adding specified tax preference exclusions and deductions to regular taxable income, subtracting the alternative minimum tax exclusion of $40,000 on a joint return or $30,000 on a single one, and taking 25 percent of the remainder.

No credits except a special alternative foreign tax credit are allowed. If the amount thus computed is greater than regular tax liability, it becomes the taxpayer's tax for the year. The most significant tax preferences for farmers or farm investors covered by the current minimum tax are probably the excluded portion of capital gains, the investment tax credit, excess depreciation on buildings, and the itemized deductions for State and local taxes (not allowed) and medical expenses (only those in excess of 10 percent of adjusted gross income allowed).

The Finance Committee bill expands the tax preferences covered by the minimum tax (although not to the extent of the House tax reform bill), extends the tax to corporations, and reduces the rate to 20 percent. The $40,000 or $30,000 exclusion from the minimum tax would be phased out for minimum taxable incomes in excess of $150,000. Some of the most important tax preferences under present law are repealed under the bill (notably capital gains for individuals and the investment tax credit) and so are not included under its minimum tax. Under the Committee bill's minimum tax, the most important items for noncorporate farmers and farm investors are probably accelerated depreciation (on real and personal property), itemized deductions for taxes, and "passive" farm losses (which does not apply to active farmers or members of their families).

Passive farm losses are computed separately for each "farm activity" and may be used to offset income only from the same activity. Loss limitations similar to those in the regular tax (discussed below) would also apply (to anything not already covered by other alternative minimum tax rules) but would be effective immediately instead of being phased in.

PASSIVE INVESTMENT LOSSES

One of the most unusual provisions in the bill denies a deduction for losses sustained or a credit for tax credits earned on an investment in a business activity in which the taxpayer did not "materially participate," except to the extent of income from similar activities or when the investment is completely liquidated. In other words, one could continue to shelter income from passive investment activities from tax but could not use excess losses or credits to shelter income from salaries, professional practicies, or portfolio investments (dividends, interest, capital gains, etc.). Since many tax shelters are marketed as limited partnership shares and other such purely passive investments, and since most depend on the deductibility of current losses from current income from other sources, this could be a severe restriction on the typical syndicated tax shelter.

Oil and gas drilling ventures are exempt from the restrictions. Real estate rentals are defined as passive investments even if the taxpayer "materially participates"; but for taxpayers with adjusted gross incomes of less than $150,000, up to $25,000 losses from real estate rentals can be deducted anyway by taxpayers who participate in actively managing their properties. (The $25,000 is phased out beginning at adjusted gross incomes of $100,000, with deductible losses reduced by $1 for every $2 of adjusted gross income over $100,000.)

This passive loss restriction is phased in over the first five years after the bill's effective date. In 1987, 35 percent of the losses and credits are disallowed; in 1988, 60 percent are disallowed; and the disallowed portion rises to 80, 90 and 100 percent in 1989, 1990, and 1991. (As mentioned above, the similar restrictions on loss deductions under the minimum tax are effective immediately.)

How these restrictions affect investors in farm tax shelters depends in large measure on the interpretation of "material participation" and the ingenuity of tax shelter promoters at getting around whatever interpretation the Internal Revenue Service imposes. Under present law, "material participation" is defined rather loosely.[4] If the participants agree to, and actually do, consult on production techniques and management problems, supply funds and equipment, perform some services in the business, regularly inspect the production process, and share in the profits and losses, they are

[3] Strictly speaking, a tax shelter exists any time the tax rules allow reported taxable income to be less than one's true economic gain. Depreciation in excess of the actual decline in value of a piece of equipment "shelters" some of the income produced by that equipment even if there is no actual tax loss to deduct from other income. But most people use "tax shelter" to mean sheltering income from outside the shelter operation itself, and the term is used in that general sense in this paper.

[4] See Internal Revenue Regulation 1.1402(a)-4.

"materially participating" in the activity. If they do only part of these things, they may be materially participating, depending on the extent of their involvement and other facts of the case. The Finance Committee report on the bill tries to make the definition more restrictive, emphasizing "continuous and substantial" involvement in the actual operations of the business.[5] It accepts, however, that any farmer currently regarded as a material participant for self-employment tax purposes would qualify as one for the passive loss provisions;[6] these persons qualify under the old rules. In no case could a limited partner qualify (unless IRS regulations require him to). Under both present law and the Finance Committee bill, the investors must engage in the participation activities themselves; they cannot hire an agent to perform these activities for them and still be considered material participants.

It would be probably difficult to set up a typical tax shelter in some farm activity (cattle breeding, for example) that involved the necessary material participation. Such shelters are normally syndicated to remote investors who would not have time to participate even if they could prove they had the knowledge and opportunities that would persuade IRS that they participated. Investors also normally want syndicated tax shelters to involve less risk than some forms of material participation imply. So it is very possible that the passive loss restrictions will seriously affect widely marketed tax shelters.

The "weekend" tax-shelter farmer, however, may not be very much affected by these new rules. The professional or salaried individual who owns a farm and visits it periodically would probably have no trouble establishing material participation, even under the Committee's more stringent tests, and thus could continue to deduct his farm losses. And it is certainly conceivable that even widely marketed tax shelters could be arranged to involve the requisite degree of material participation.

OTHER TAX SHELTER RESTRICTIONS

The bill continues from present law the "abusive tax shelter" and "farm syndicate" rules (e.g., IR code sections 461(i), 464, 6111, 6112), increasing some of the penalties and imposing a "user fee" on "abusive" shelters. In addition, it imposes some new rules to further restrict tax shelter activity.

The general limits on interest deductibility will curtail some tax shelter investing opportunities. Nonbusiness investment interest (other than on residential mortgages for up to two residences) will not be deductible except to the extent of investment income. Consumer interest will not be deductible at all. These rules will be phased in, applying to 35 percent of nonmortgage, nonbusiness interest in 1987, 60 percent in 1988, 80 percent in 1989, 90 percent in 1990, and all such interest in 1991.

In a provision aimed particularly at cattle feeding tax shelters, the bill forbids a cash-basis farmer who prepays more than 50 percent of his expenses from deducting currently the full cost of feed, seed, and other supplies to be used in another year. Such a farmer could continue to deduct 50 percent of such expenses on a cash basis, but the other 50 percent could be deducted only in the year the supplies were used.

[5] P. 730-736.
[6] P. 733-734.

OTHER PROVISIONS

The Finance Committee bill repeals income averaging, principally on the grounds that it is a complication necessary only because of present law's steeply graduated tax rates. In a typical year, around 10 percent of farmers use income averaging; however, since one can only average in years when one's income has risen substantially, the provision has never been as useful as it might have been. And under the Committee bill (as under the house bill), most farmers will be in the lowest tax bracket every year and so could not benefit from income averaging.

Under the Finance Committee bill, farmers, like other self-employed persons, would be allowed an income tax deduction for one-half the cost of health insurance (subject to nondiscrimination rules for employees).

Farmers' cooperatives that engage in "netting" gains and losses from different departments would be allowed to continue the practice and still enjoy continued tax exemption.

The bill subjects sales of converted wetlands or highly erodible land to the same loss limitations as capital losses (no more than $3,000 deductible from ordinary income annually) and denies capital gains treatment for such sales to anyone who still receives capital gains benefits.

Farmers who sell timber from their land would no longer receive reduced capital gains tax rates on their gain (since capital gains treatment is repealed for all income of individuals). However, tax credits and seven-year amortization for reforestation expenses and the decuctibility of growing and stand management costs are retained from present law.

The excise tax exemption for alcohol fuels is continued (at a reduced rate), but the income tax credit is repealed.

Mr. PACKWOOD. Mr. President, I indicated earlier that I wanted to read into the RECORD a coalition of those who are standing in opposition to any amendments to this bill. I apologize; this is from the list of last evening, June 9, last night, and it changes daily as people are added to it, and they are being added in groups at the rate of 20 to 30 a day.

As I read this list, many people will recognize some names; others you will not recognize at all. But it does give you the breadth of the coalition.

I apologize for the length of it, but I think there will be many interested in the breadth of the coalition.

A&A Glass and Mirror,
A. Smith Bowman Distillery,
A. Zerega's Sons, Inc.,
ACORN,
Aam-Ro Corporation,
Aaron Rents,
Adolph Coors Company,
Aetna Life & Casualty,
Air Conditioning & Refrigeration Wholesales,
Air Delivery Service Incorporated,
Air Van North American,
The Alameda Company,
Albertson's, Inc.,
Alco Standard Wine and Spirits Group,
Alfa-Laval,
Alliance of American Insurers,
Allied-Signal Inc.,
Altier & Sons Shoes Incorporated,
American Association of Advertising Agencies,
American Association of Retired Persons (AARP),
American Association of University Professors,
American Association of University Women,
American Bankers Association,
American Business Conference,
American Council of Life Insurers,
American Council on Education,
American Dental Trade Association,
American Electronics Association,
American Federation of Small Business,
American Frozen Food Institute,
American Furniture Manufacturers Association,
American Home Products Corporation,
American Hospital Association,
American Insurance Association,
American Jewelry Distributors Association,
American Meat Institute,
American Movers Conference,
American Nurses Association,
American Petroleum Institute,
American Traffic Safety Services Association,
American Trucking Association
American Veterinary Distributors Association,
Ameriserv, Inc.,
Amfac Incorporated,
Amway Corp.,
Annco, Inc.,
Annedeen Hosiery Mill, Inc.,
Appliance Parts Distributors Association,
Aragon & Sons, Inc.,
Arkansas Freightways,
Armco Inc.,
Asplundh Tree Expert Company,
Assisting the Disabled with Employment, Placement & Training,
Associated General Contractors of America,
Associated Industries of Florida,
Associated Wire Rope Fabricators,
Association of Footwear Distributors,
Atkinson Transfer Incorporated,
Atlantic Coast Structural Forming, Inc.,
Aunt Nellie's Food, Inc.,
Aviation Distributors & Manufacturers Association,
B.F. Fields Moving & Storage,
BPW/USA, The National Federation of Business & Professional, Women's Clubs, Inc.,
Bacardi Imports, Inc.,
Baker Industries,
Basic American Foods,
Bass Transportation Company Incorporated,
Bearing Specialists Association,
Beauty & Barber Supply Institute,
Bell & Howell Company,
Belvedere Construction Co.,
Beneficial Corp.,
Berry-Barnett Grocery Company, Inc.,
Bestway,
Bethlehem Steel Corp.,
Beverly Enterprises,
Bicycle Wholesale Disributors Association,
Bil Mar Foods, Inc.,
Biscuit & Cracker Distributors Association,
Borden, Inc.,
Boss Manufacturing Company,
The Boury Corporation,
Braman Inc.,
Bread for the World,
Bristol Myers Company,
Brodbeck Enterprises,
Brown Group, Inc.,
Brown-Forman Corporation,
Bud Suarez, Inc.,

Byerly's,
C.M. Uberman Enterprises,
C.W. Transporting,
CEO Tax Group

And I might just interject there, the CEO Tax Group is an amalgam of companies comprised of some of the very largest companies in America—General Motors, General Mills, complanies of that size—who are members of that group.

CET Center for Employment Training,
CIGNA Corp.,
COMSAT,
CR Industries,
Cadbury Schweppes PLC,
Cadillac Fairview U.S., Inc.,
Camco Incorporated,
Campbell Soup Co,
Caremore, Inc.,
Cargo Express Company Incorporated,
Carlton Trucking Company Incorporated,
Carnation Company,
Carolina Freight Corporation,
Carr Truck Service Incorporated,
Carrols Corporation,
Caterpillar Inc.,
The Center on Budget & Policy Priorities,
Center on Law & Social Policy,
Ceramic Arts Federation International,
Ceramic Tile Distributors of America,
Chamber of Commerce,
Chase Manhattan Bank,
Chemed, Corp.,
Chesebrough-Ponds Inc.,
Children's Defense Fund,
Chilton Corporation,
Chrysler Corp.,
Church & Dwight Co., Inc.,
Church Women United,
Church of the Brethren, Washington Office,
Circle K Corporation,
Citizens for a Sound Economy,
Classic Motor Carriages,
Clorox Company, The,
Coachmen Industries, Inc.,
Coalition on Human Needs,
Coalition on Women & Taxes,
Coalitions for America,
Columbia Motor Express Incorporated,
Commercial Bank & Trust Company,
Committee for Employment Opportunities,
Committee for Fairness to Families,
Competitive Enterprise Institute,
The Computer & Business Equipment Manufacturers Association,
Consolidated Papers Incorporated,
Consumer Energy Council of America,
Consumer Federation of America,
Consumers Market, Inc.,
Continental Cogenerational Corporation,
Contractual Carriers Incorporated,
Control Data Corp.,
Cooper's Western Wear, Inc.,
Cortez III,
Cosco Industries, Inc.,
Council for Periodical Distributors Association,
Council for Wholesale-Distributors National Kitchen, and Bath Association, and
Craig Transportation Company.

Mr. METZENBAUM. Mr. President, will the chairman yield for a question?

Mr. PACKWOOD. I am happy to yield for a question.

Mr. METZENBAUM. I know the chairman is reading a long list of those who support the bill. As he knows I also support the bill. There is a little problem that has arisen and the chairman knows that I have been attempting to get certain factual data.

We have been able to get some of the figures in connection with some of the amendments that are in the transition rules. However, we have not been able to get the facts in connection with those amendments.

The information in connection with those facts is available to the chairman's staff. His staff has the answer. His staff has told us until we get clearance from the chairman, they are not in a position to release the information to us.

The chairman has so far indicated his willingness to make anything available to any Member of the Senate that is within the knowledge of himself or the staff.

I think if the chairman indicates to the staff that all of that information is to be made available to us it will be done, but without that direction from the chairman, staff have said we may not have it.

Mr. PACKWOOD. What facts is the Senator asking for?

Mr. METZENBAUM. Let us assume that there is an amendment on page 1502 that we now know that the amendment has to do with Company X but we do not know the facts as to what the deal is about, in other words, why Company X is getting an amendment on page 1502 which provides for them $12 million or $120 million in taxes.

Now, I have told the chairman and I have told the Members of this body at an earlier point today that we do not object to all of the transition rules. We believe that those are justified, that we have no objection to them. But if we do not believe they are justified then we expect to raise the issue on the floor of the Senate. But we cannot determine whether or not they are justified until we know the facts.

Mr. PACKWOOD. What I would like to do is this: I am going to put in a quorum call but ask unanimous consent that I not lose my right to the floor when it terminates.

Mr. METZENBAUM. I certainly do not object to that. I say to the chairman, I apologize for interrupting him but I was under the impression he had about 20 minutes more of names of organizations that support the bill.

Mr. PACKWOOD. I do, but I do not want to lose the floor.

Mr. METZENBAUM. I understand that.

Mr. PACKWOOD. I want to have a chance to chat with the staff a moment and come back without losing the right to the floor.

Mr. President, I ask unanimous consent after I suggest the absence of a quorum that when the quorum call terminates I not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand first of all the distinguished——

The PRESIDING OFFICER. If the Senator will withhold. Under the previous order, by unanimous consent the Senator from Oregon is to be recognized.

Mr. PACKWOOD. Mr. President, I have no objection to yielding to the majority leader so long as my unanimous-consent request continues, and that I shall remain to have the right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I thank the distinguished chairman of the committee.

Let me indicate that the Senator from Delaware was on his way, and the Senator from Delaware is here. I am not certain what he may propose, but I am pleased we may be able to have an amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRASSLEY). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RIEGLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon is recognized under the unanimous consent previously agreed to.

Mr. PACKWOOD. If I might explain that, we had the unanimous-consent order that if this was laid aside, I would not lose my right to the floor, and I want to continue my right to the floor. I have no objection to standing aside so long as when the Senator from Michigan is done, I will again have the right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Michigan is recognized.

□ 1910

Mr. RIEGLE. I thank the chairman and my good friend.

I simply want to talk for 1 minute in this space which is not otherwise being used.

As I understand it, very shortly the Senator from Delaware will bring an amendment to the floor on the IRA issue.

As I understand it, it is likely to be an amendment that is in the form of a

sense of the Senate resolution rather than one that would be an amendment that would specifically provide for the restoration of the IRA's, and with the revenues to pay for it. Maybe we will learn later that it is somewhat different from my understanding, but that is my understanding.

Earlier today a bipartisan group of Senators met in a press conference to put forward an amendment in behalf of restoring the IRA that really does the job. In other words, it would be in the form of a specific legislative amendment with the offset, the revenue sources to pay for it, that would actually see to it that the IRA was there and was incorporated in the tax bill in a way that nailed it down.

I wanted to say in the strongest terms that I think it is vital that we do that here on the floor and that we not kid ourselves by any sort of a sense of the Senate resolution that does anything short of actually plugging into this tax bill a specific way to save the IRA's and to pay for them.

The bipartisan approach which has been developed would be to say that any taxpayer that takes out an IRA under the new tax law would receive—this is assuming they took out a full $2,000 annual IRA account—a 15-percent tax credit or a $300 credit against that $2,000 investment. That would be the amount that would normally accrue under the new tax law that is proposed to the 80 percent of taxpayers that have incomes that would be taxed at the 15-percent rate. So if they put in $2,000, the 15 percent would give them a $300 deduction. In effect, that becomes the Government's contribution to that IRA investment in that given year. Namely, that amount of reduction in the person's tax liability.

We hold that constant as taxpayers step up to the next higher level of income, namely, the 27-percent tax rate, those that would break off into the higher tax rate still only getting the $300 maximum tax credit if they put in the $2,000 in the form of an IRA.

The cost of that is roughly about $14.7 billion over the 5-year period we have analyzed.

To pay for that we have devised a mechanism that I think is far and away the best way to do it.

By the way, we are talking under existing practice about 20 million individuals who otherwise will be harmed by the proposed changes in the IRA's unless this amendment that we are offering, or one like it, comes along and fixes the problem. So we are talking about a class of taxpayers that are roughly 20 million in number that otherwise will be affected and harmed.

The way we pay for this provision of IRA that will help those 20 million individual taxpayers, and I hope even a larger number in the future, will be by raising the alternative minimum tax from the 20-percent figure for individuals and for corporations that are in the bill now up to a figure of 22.6 percent.

The Joint Committee on Taxation has indicated to us that by raising that alternative minimum tax to that level we will be able to generate about $15 billion over 5 years or more than enough to pay for the IRA restoration.

Why have we picked that particular approach?

Bear in mind now, we are only going to have two tax rates in the tax rates under this bill, 15 and 27 percent. We are saying that high-income individuals and high-income corporations that otherwise would qualify for the alternative minimum tax would be paying that tax at a rate of 22.6 percent. I think that is an eminently fair rate. It certainly does not bleed those people. As a group, the Joint Tax Committee has indicated that on the individual side by raising that alternative minimum tax to 22.6 percent there are about 375,000 taxpayers in that class of taxpayers, 375,000 individual taxpayers.

So you have on the one side that group plus a relatively small percentage number of corporations in the country, profitable, I might say, providing the offset for the maintenance of the IRA over here for at least 20 million taxpayers who have found this a valuable device in terms of their retirement planning and who I think ought to be encouraged to be able to continue to make that saving.

I say that not only because the saving is important to those individuals personally in terms of planning for their own future retirement, which they properly should be doing, but we need that savings pool.

What is now clear is more and more people have come to understand what IRA's are and to make the investment each year in the amounts they can afford. We are creating a savings pool in the United States of a different quality because this is a long-term savings pool. People put money in the IRA's with the thought in mind of keeping that money there through their work life and then drawing on it when they reach their retirement period.

What this does is provide an enlarging pool of investment capital in the United States that we desperately need because we have a low-savings rate. We need that money for new capital investments, productivity improvement, job innovation, particularly given the international economic and trade situation that we are facing today.

It is vital that we continue to enlarge that savings pool by encouraging and helping the maximum number of people in our country to be making IRA investments. As I say, those savings are qualitatively different than other kinds of savings, so it is very important that they be fostered and continued.

I can tell you something, I think there are a lot of good features in this tax bill and I am going to vote for the tax bill. But overwhelmingly the people of the country who are paying attention and who have taken out IRA's, who want to think about it in the future, feel that that change in the tax law, the removal of IRA, is adverse to them, is not sound, and not in the public interest.

I have been told by rumor, because I have not seen the news accounts that the President himself today was rumored to have said that he thinks somehow or another the IRA ought to be restored.

Well, it ought to be restored. But let us stand up to the issue and do it here on the floor as we should and have up-or-down vote on this so that everybody in the country who cares about this will know where we stand and know whether or not when we said we wanted to save the IRA we had a chance to vote on really doing it, whether we voted for it or voted against it. I think it is very important to have a clear record on that.

I think this is the one thing the Senate can do.

I have great admiration for the Finance Committee. We have a number of very talented Members of our body who serve on that committee. But are we to tell ourselves to believe that that group has rendered such an absolutely perfect bill that we cannot make any changes in it, we cannot make any improvements in it, we cannot even restore the IRA if we have found an appropriate way to pay for it? Is that what we are going to say? I would hope not.

I would hope that a body of 100 Members is in a position here to correct this, if there is a clear defect in the bill, and clearly there is with respect to the IRA. That is the overwhelming body of opinion in the country. Letters are coming in here, and the national opinion polls are being taken that show that, showing that people think that is a defect in the bill. A lot of people, as a matter of fact, will end up paying more taxes after the other changes are made if the IRA is not restored. Information from Price, Waterhouse shows that for a number of different kinds of taxpayer profiles.

Here is a chance for us to do something about it.

I would sincerely hope that the Senate would not take a dive on this issue by, in a sense, voting for some kind of a vague sense-of-the-Senate resolution that says fix the IRA problem but we really do not know how to do it, we cannot figure out how to do

it, and we are not going to undertake to do it ourselves right here when we vote. I think that is the wrong way to do it and I think it falls short of what our responsibility is.

I would hope if we get any kind of a sense-of-the-Senate resolution on this issue if it is not a specific provision that gets the job done, specifically and clearly so we can see it and know we have done it, I would hope we would turn it aside. I would hope it would either be tabled or amended in such a way that we have an opportunity to act on bona fide solutions to this problem.

I will just say one other thing about it.

□ 1920

I say just one other thing about it. The American people understand this issue. They understand it. If you do not believe me on that, read your own mail. I am finding that 98 percent of the letters I am receiving on this—and I received 900 last week alone on the IRA—are individually composed letters, most of them handwritten. It is because people understand this issue. They understand it just as the seniors understood the Social Security issue each time an effort was made to come along and damage Social Security.

People are not going to be fooled about votes that are not real votes. People want to see the IRA issue taken care of. They are watching us. Properly, they should be. They want to see us do it right here, on the floor. I think this is a real test of whether the Senators, all 100 of us, are capable enough to reason this problem through and put in place a bone fide, genuine workable solution and to get it done.

As I say, we have a proposition that does that. I referred earlier that the Senator from Connecticut [Mr. DODD] and the Senator from New York [Mr. D'AMATO] were involved in that this afternoon as was Senator WEICKER of Connecticut, Senator WILSON from California, Senator CRANSTON from California and others, and Senator EXON. They met as a group to put this forward as a bipartisan proposition.

I say this further: It is 20 after 7 at night. I would say the IRA issue is the single most compelling issue that faces us on this tax bill. If we solve this, genuinely solve it here, on the Senate floor, I would say most of us, if not all of us, could vote for this bill and feel good about it. And the American people can feel good about it. I hope that my friends on the Committee on Finance would not feel that they, having done everything else, having written the whole rest of the bill for us and asked that we not tamper with any other part of it, when they have a defective part that is clearly recognizable and we have a chance to fix it, they would not say to us, "I am sorry, we are not going to let you fix that. We do not want you to fix that. Leave that to us. We will go behind the doors of the conference committee and somehow or other, with a little bit of this and a little bit of that, with a little bit of horse trading, we will get the problems solved for you."

I do not know if we can solve it that way. Even if we can, that is not the way to solve it. If we could solve things that way, why have 100 Senators? We do not need that many if we are not going to solve this problem and make the serious up-or-down decisions that actually affect the way we are going to do it.

I hope we shall have a debate, that we shall discuss all the issues on IRA's. Let us not try to sidetrack this issue with a sense-of-the-Senate resolution that does not solve the problem. That is not what people are asking for. They are asking for a higher quality of effort from us and I think that is what we are obligated to do. I hope we will have a chance to offer one in due course and have it considered on both sides of the aisle and vote up or down on real solutions and not pass the buck.

Mr. D'AMATO. Will the Senator yield for a question?

Mr. RIEGLE. Yes, Mr. President, I yield for a question.

Mr. PACKWOOD. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. PACKWOOD. I believe I yielded to the Senator from Michigan only for a comment and not for yielding to other Senators for questions.

Mr. D'AMATO. Will the Senator from Oregon yield for one question of the Senator from Michigan?

The PRESIDING OFFICER. The Senator from Oregon, by unanimous consent, has the right to the floor and the Senator from Oregon may reclaim the floor any time he wishes.

Mr. FORD. Mr. President, would the distinguished Senator from Oregon then yield to me for a question?

Mr. PACKWOOD. I would like to get to Senator ROTH if I can, so I am willing to yield for the purpose of a question.

Mr. FORD. Mr. President, if the so-called sense-of-the-Senate resolution or sense-of-the-Senate amendment to our tax bill is accepted by the Senate, does that preclude then the offering of a legislative amendment?

Mr. PACKWOOD. It does not.

Mr. FORD. So if we accept the so-called Roth amendment, Mr. President, which is a sense-of-the-Senate amendment, that does not preclude us from going to an amendment that would actually fix the IRS, as we understand it?

Mr. PACKWOOD. I think the Senator means the IRA, but there are people who would like to fix the IRS also.

Mr. FORD. I thought I said IRA, but I stand corrected. I shall leave the IRS to the chairman.

The only thing I can see here, if I may continue briefly, is that if this sense-of-the-Senate amendment is agreed to, then the argument would be that we have already made a decision, that we would not get to the IRA.

Mr. PACKWOOD. Yes.

The Senator from Delaware.

Mr. ROTH. Mr. President, on behalf of myself——

Mr. BYRD. Mr. President, will the Senator yield to me? He may keep the floor.

The PRESIDING OFFICER. The Democratic leader.

Mr. BYRD. May I say to the occupant of the chair that I respect the Chair, but under the rules, a Senator cannot get the floor and then hand it over to another Senator to offer an amendment. That is precisely what the distinguished chairman of the committee did. He had the floor. He had it in his own right. He got consent that he could yield. Then he yielded the floor over to the distinguished Senator from Delaware, who then proceeds to offer an amendment or whatever.

I do not have an amendment to offer, but I want to call to the attention of the Senate that that is not the way the rules provide for the recognition of Senators. I just want to make that point. I have seen it happen in here a number of times before.

I do not say this in any acrimonious manner but I hope that the Chair, again I say respectfully to the Chair, would protect the rights of all Senators.

The PRESIDING OFFICER. The Chair viewed the situation this way, that the Senator from Oregon gave up the floor. The Chair then recognized the Senator from Delaware in his own right.

The Senator from Delaware.

AMENDMENT NO. 2062

Mr. ROTH. Mr. President, on behalf of myself and Senators DOLE, PACKWOOD, MATTINGLY, and WARNER, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for himself, Mr. DOLE, Mr. PACKWOOD, Mr. MATTINGLY, Mr. WARNER, Mr. CHAFEE, and Mr. NICKLES, proposes an amendment numbered 2062.

Mr. ROTH. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place add the following:

FINDINGS

The Senate believes that Americans should be encouraged to save for their retirement; and

The Senate recognizes that only slightly more than one-half of all civilian employees are covered by employer-sponsored retirement plans and, of those employees, only half are now vested in their benefits; and

Over 70 percent of all taxpayers who have established individual retirement accounts have annual incomes of under $50,000; and

The Senate recognizes that taxpayers should be able to adequately provide for their retirement security, cannot rely on Social Security alone, and should be encouraged to provide for their retirement through tax incentives:

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

AMENDMENT NO. 2063

Mr. DOLE. I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for himself, Mr. ROTH, Mr. PACKWOOD, Mr. MATTINGLY, Mr. WARNER, and Mr. CHAFEE, proposes an amendment numbered 2063 to amendment No. 2062.

At the end of the amendment add:

It is the sense of the Senate—

(1) that the Senate conferees on the Tax Reform Act of 1986 give highest priority to retaining maximum possible tax benefits for individual retirement accounts to encourage their use as a principal vehicle for ensuring retirment security, and

(2) that the retention of the tax benefit of individual retirement accounts should be accomplished in a manner which does not adversely affect the tax rates or distribution by income class of tax reduction otherwise provided for in the Tax Reform Act of 1986.

Mr. ROTH. addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I wish to make a brief statement but before doing so, I wish to address a question to the Senator from Oregon [Mr. PACKWOOD]. It is my hope, as I understand a number of people have already departed and I do intend to seek a vote on this amendment, that we could lay it down this evening and then begin the debate in the morning, to be followed by a rollcall vote. I would like to address that question to Senator PACKWOOD.

□ 1930

It is my hope, of course, that we will have a rollcall vote on this amendment, and it is my understand that it is the desire of the leadership that the rollcall vote be postponed until tomorrow morning. If that is the case, while I would like to make a brief comment this evening, my understanding is that we would esssentially lay it down and then start the debate at whatever time is approprite tomorrow.

Mr. PACKWOOD. That is the case. I have talked with the majority leader, and he said considering the hour he is reluctant, because he knows how long we would be in getting a quorum back to be voting, to vote tonight. But I am delighted to join in cosponsoring this amendment of the Senator from Delaware, and I hope that it will break the logjam, not just on IRA's but that it will break the logjam unrelated to this only and that we could move with some speed now through the bill.

Mr. ROTH. I share that feeling. I think it is probably in many ways the most important amendment that will come up during the debate of the tax reform legislation. In starting out, I would like to make very clear my strong support of what I believe is a most significant and important tax reform bill, one that I would call upon all my distinguished colleagues to support. But I also think it important to consider that amendment offered by the distinguished Senator from Oregon, the majority leader and myself, because what we have is now a good bill. But I think it can be made a better bill.

Mr. CRANSTON. Will the Senator be willing to yield for a question?

Mr. ROTH. I will like to continue my statement for the moment.

Mr. CRANSTON. Will the Senator advise this Senator how long he expects to be talking?

Mr. ROTH. Not very long, I would say to the distinguished Senator from California, not more than 5 to 10 minutes.

Mr. CRANSTON. I thank the Senator very much.

Mr. ROTH. Mr. President, I believe that tax reform is an essential component of our country's economic recovery. Today, America is stronger, more Americans are employed because of the tax reform we initiated in 1981. Three-year, across-the-board tax cuts for individuals did in my judgment more to stimulate economic growth and financial well-being than any other single event since the tax cuts of President Kennedy almost a quarter century ago.

I was proud to join Congressman JACK KEMP in sponsoring that first round of tax reform. It was a collective effort which included many of our colleagues, including, of course, the majority leader, BOB DOLE, Senator DOLE, then chairman of the Senate Finance Committee, worked to push the bill through and onto the floor. Later on, many others contributed to this tax reform movement. And I pay my special respects to Senator BRADLEY, Congressman GEPHARDT, Senator KASTEN, as well as others who worked hard to broaden the tax base and lower rates.

Let me make it clear that back in 1981, we knew that these reforms would be only the beginning; that if true reform was our ultimate goal, Congress and the President would have to follow with more of the same. And this is exactly what Senator PACKWOOD has done. He has carried on the spirit that was begun by President Reagan back in 1980.

Mr. President, it is interesting to note that this evolution of reform has now become a veritable resolution of reform. Back when Congressman KEMP and I originally proposed a 30-percent tax cut, it secured the support of few, but the Reagan revolution worked and now the reforms we consider today have an overwhelming bipartisan foundation of support, and they should have because this current bill will establish a grater degree of fairness among Americans who carry the tax burden. Some 6 million American taxpayers will be taken completely off the rolls. Another 80 percent will have a top rate of no higher than 15 percent—the lowest individual tax rate in over half a century. In fact, when you talk of revolution, remember that with this reform the top marginal rate will have fallen from 70 percent in 1980 to 27 percent, all well within a 5- to 6-year period. But that is not all. It will eliminate many of the loopholes and shelters that have for far too long ironically provided sanctuary for those who needed it the least of all. It will help restore simplicity, simplicity to the Tax Code that plagues each of us every April 15. For American business, the committee bill will help our country remain competitive by reducing the cost of capital through a very valuable depreciation system. It will reduce the top corporate rate of taxation to 33 percent and it will restore a minimum tax to establish greater equity among corporate taxpayers and to ensure that all businesses pay their fair share of taxes. Needless to say, Mr. President, all of this is very good, but in the classic words of the American English teacher, "We must look past the good, past the better and to the best," especially in this time of changing world economics when we face stiff competition from abroad.

Our policies must provide the most effective, advantageous initiatives possible for both Americans and American business. Today our policies must prepare us for tomorrow, and one of those policies must be to encourage the United States to become a savings nation. To save is to increase capital for industry modernization, to create jobs for America, to provide security for families, to help young men and women build their futures, and to help older men and women realize theirs. It is to increase our competitive edge in world trade, to produce lower cost quality products that will be attractive in both American and foreign markets. And it is to follow through on the promises that the U.S. Government made to its people, especially in 1981, that we offer the amendment tonight.

What we propose to do is to save the IRA.

Mr. President, as I said, what we are seeking to do through this amendment, this leadership amendment, is to save the IRA. And while it is in the form of a sense-of-the-Senate resolution, I think the important fact is that what we are seeking is a real commitment, a real commitment to save the IRA. That is exactly what this proposal would do. Let me point out, Mr. President, that in 1981, the Senate Finance Committee and later the Congress adopted legislation that made the IRA, the individual retirement program, available to all Americans. And 5 years later it can be said that this is a smashing success. Some 28 million households, 28 million American households have instituted IRA's. Let met point out, Mr. President, this is not an easy commitment for most of them. The average man or woman that has established an IRA is 50 years old with savings of $10,000 or less.

□ 1940

The important fact that must be understood is that the IRA is a middle-class program for savings. It is not a program for the rich, as has been suggested by some, but rather for the working men and women of America.

I point out that roughly 80 percent of those who have IRA's have incomes of $50,000 or less; 65 percent have incomes of $40,000 or less. So in no way can this be construed as rich man's legislation.

All one has to do is to read the editorials in the pages of American newspapers across the country or read the hundreds of letters we are receiving which point out that the typical American looks upon this as a working man's or a working woman's program. For that reason, it is important that we take steps to ensure its continuation in the future.

Congress made a promise, made a pledge, in 1981 when it asked the American people to save through our IRA, and this is a commitment that should be kept in the current tax reform legislation.

Mr. President, I understand that the leadership would like the debate on this amendment to proceed tomorrow morning. So, under the circumstances, I will yield the floor at this time, with the understanding that we can begin the debate on this amendment whenever morning business is completed.

(Earlier the following occurred:)

Mr. DOLE. Mr. President, I thank the distinguished Senator from Delaware. I ask that my interruption come at a later time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I announce to my colleagues there will be no more votes this evening. I thank the distinguished Senator from Delaware.

(Conclusion of earlier proceeding.)

Mr. CRANSTON. Mr. President, I should like to speak briefly on the proposal by the Senator from Delaware.

I share totally the desire of the Senator from Delaware to deal with IRA's, restore them to this bill. I think it is very important that we not deprive 20 million Americans, who happen to include 2 million Californians, who presently have IRA's of that opportunity. There are many more Americans who think they will have an IRA and want that opportunity as soon as they are in financial shape to start investing in IRA's.

This is very important to middle-income Americans. It is very important to young Americans forming families and wanting to plan for their future.

It is important to our economy to promote savings. It is important to be more effective in competing on the savings front with Japan and other nations which are giving us stiff competition in world trade.

So we are together on the basic purpose, but we are not together on the vehicle that the Senator from Delaware proposes.

I think we need action on an amendment that would provide the Senate an opportunity to revise this bill to protect IRA's. I am delighted that the Senator from Connecticut [Mr. DODD], the Senator from New York [Mr. D'AMATO], and others, including myself, are planning to offer an amendment for that purpose. I think we can win with that amendment. If an amendment can win, that amendment is the most likely to succeed.

We want to deal as effectively as we can with this, as forcefully as we can, and I do not think that a sense of the Senate resolution is the way to deal effectively with this very important need.

The Senate ignores sense of the Senate resolutions; Congress ignores sense of the Senate resolutions.

For example, we passed a sense of the Senate resolution recently that we should complete action on the budget before we took up tax reform. But here we are debating and preparing to act on tax reform before the budget action is completed.

We passed a resolution regarding effective dates that we wanted to see in the tax bill, with no retroactivity, but that was ignored. This bill has retroactive features in it.

We passed a number of other sense-of-the-Senate resolutions that are simply forgotten when it comes time for action. We passed a number of sense-of-the-Senate resolutions advising the President—this President and other Presidents—of the desire of the Senate and the House for action in one way or another, and those are habitually and traditionally ignored by Presidents.

So I say let us proceed with an action that is meaningful. Let us do our utmost to adopt an amendment that will put the Senate firmly on record with a message that protects IRA's.

I yield the floor.

Mr. PACKWOOD. Mr. President, I do not see the majority leader here. I do not know of anyone else on this side planning to talk.

Here comes the majority leader now.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, I should like to take a couple of minutes this evening to speak on the proposal that has been made, so that apparently everyone understands that any amendnet to this amendment has been foreclosed because there has only been an amendment offered but not an amendment to that amendment—so there is really no opportunity in the normal course of procedure to modify the sense of the Senate resolution.

I should point out, however, that despite this particular procedural tactic, which deprives the Senate of expressing its will on a particular proposition, such a proposition will be offered in due course.

What is the rationale for offering a sense of the Senate resolution? No one should be terribly deceived by this particular approach. Obviously, there was a building sense of consensus among both Democrats and Republicans who wanted to do something here about the individual retirement accounts. Were it not for that growing consensus, I hope no one has any illusions that there would be no such sense-of-the-Senate resolution being offered. We would face a particular proposition and vote it up or down. But because we had come up, we think in a responsible way, with not only a proposal that would restore in part the individual retirement accounts but also sought—effectively, I think—an offsetting source of revenue, there was the danger that it might actually carry.

Of course, everyone here wants to do something about individual retirement accounts. That is wonderful news. The issue is not whether or not we are going to do something about individual retirement accounts but where the revenues will come from and to what extent we will do something about individual retirement accounts.

All of us here are equal Members of this body. Why not just pass a sense-of-the-Senate resolution, have the conferees go to conference with the House, and forget any amendments and leave it up to the members of the Finance Committee, or those who will be on the conference, to decide what is in the best interests of the country?

I was elected by the people of my State to come here to cast votes, to offer amendments and suggestions, just like anybody else.

□ 1950

I served in the House of Representatives where we had bills that came to the floor with closed rules, where you were not given the opportunity to offer any amendments on the floor.

There is no such procedure in the Senate of the United States. You cannot offer a closed rule on a bill.

I understand the chairman would like to do this. They come out of committee. They have a consensus. They think they have done a pretty good job and they prefer to protect that product. I respect that. That does not mean that that product is sacrosanct or there are not ways of improving.

So in addition to saying to our conferees, "Please do something about IRA's," there are a significant number of us here—maybe not a majority; I do not know that—who are offering a proposal or who would like to offer a proposal that would say not only what we should do about IRA's but how we should pay for them. We intend to offer such a proposal.

I recall only a few short months ago the majority leader, myself, the Senator from New York, who I share consponsorship of an IRA proposal, offered a sense-of-the-Senate resolution that this tax bill would not deal with any provisions dealing with retroactivity, that all provisions of this tax bill would become effective on January 1, 1987, and that bill passed unanimously on voice vote December last year.

We now know a major portion of this bill, in fact, imposes retroactivity on certain sectors of our economy. What was the effect of that sense-of-the-Senate resolution? It meant virtually nothing.

I respect a need for such provision in the tax bill. To emphasize the point that sense-of-the-Senate resolutions have no effect or force in law, they mean absolutely nothing as far as legislation goes.

It is what you might call legislative ducking. It is legislatively hiding so that we do not have to face a specific proposition.

Frankly, I am convinced that were it not for the fact that we worked very hard to come up with a responsible approach to IRA's, one that reduces the cost, does not restore the entire deduction, offsets that cost by modifying the alternative minimum tax, both on individuals and corporations, there would be no sense-of-the-Senate resolution being offered. They could confront the amendment head on.

So as a result, Mr. President, I appreciate this ploy. It is clever. It is very clever. Some Members may actually think they are going to get a chance to say to constituents, "I did something about IRA." Let there be no illusion. You have not done anything about IRA's. None of us here can provide any guarantee whatsoever that the conferees will do anything about IRA's when they go to that conference, and they will come back in the Chamber and they will offer all the excuses in the world about why they were not able to do anything. Some of us may remind them that we passed a sense-of-the-Senate resolution and they will offer every excuse known to man why they could not do anything or went to a source to offset that cost to hit middle taxpayers or rate structures or some other provision of this bill that falls adversely on those who can least afford it, and we will be given the option either voting up or down on the tax bill.

We would like to be able to vote up or down on a single proposition and then if that fails maybe the chairman of the Finance Committee or the Senator from Delaware would like to offer this proposal as a sense-of-the-Senate resolution and say why we did not like that idea, but we will do something.

Why not give us a chance on voting on something here and if something does meet with the majority of the Members of this body then go to the conference at least with a sense that we would like to do something. That would be the proper order in which to proceed, not to try and foreclose any option that we offer not only to deal with this problem, but how to deal with this problem. If we are unable to reach consensus on that, then we would certainly respect the conferees going into that conference with a determination to try to do something for the 28 million taxpayers out of 100 million who would like to retain an individual retirement account and participate individually in their own retirement security and did not depend upon Social Security or a fleeting pension program that may or may not be there when they retire.

That is all we are trying to do. It is all we are trying to do. And even before we had an opportunity to raise an amendment and at least debate that amendment, the merits of it, the demerits of it, we are being confronted by a ploy, and I wish there were other words to describe it, but there are not any. This is a ploy. It is a tactical ploy to try and convince the American public that we are taking care of an issue which they are deeply concerned about.

Almost every single Member of this body has received in the last week or 2 volumes of mail, not the printed postcards that come from the organizations. People of Connecticut, 1,000 of them, have written my office in the last week. Ninety-five percent of them are handwritten notes, handwritten notes, and every single Member of the Senate knows what distinction it was when an individual writes individual notes and not just sign his name on the card. They want something done about this.

Unfortunately, if this kind of tactic prevails, they are not going to get a chance to have their Senators offer options and ways of dealing with this problem. They are going have to rely on what may or may not happen in that mystical enterprise we call the conference around here.

So, Mr. President, I would hope that Members would see what is in front of us here for what it is, that I believe there will be an opportunity to vote on a specific proposal, a chance to really do something meaningful. I would add that I think a proposal such as we are offering, Senator D'AMATO and myself, Senator CRANSTON, Senator INOUYE, Senator RIEGLE, Senator MURKOWSKI, Senator WILSON, in a strong bipartisan expression, would actually strengthen the hands of the Finance Committee chairman and others going into conference where the Senate has expressed in a strong way by a moderate approach over what the House presently has, at less cost, a more equitable program, and come out of that conference with such a proposal.

This way we are going into that conference without any idea what may come out of it or what the source of funding of it may be.

I do not know how my colleagues feel who have joined at this juncture on the proposed amendment we would like to offer, but I would still like on tomorrow to be able to offer that specific proposal. I would like to have the chance to have that debated and discussed thoroughly as it should be.

I would urge my colleague from Delaware to withdraw his present amendment and, if our amendment does not prevail, then to reoffer his sense-of-the-Senate resolution, and I would cosponsor that resolution at such a time and send our conferees to work on such a proposal there, but give us at least the courtesy of having an option being debated and discussed without trying to foreclose that option by the ploy of a sense-of-the-Senate resolution which means nothing.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

AMENDMENT NO. 2064

Mr. ROTH. Mr. President, at the appropriate place in the House bill, I

send the following amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. ROTH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. BYRD. Mr. President, I object. It is a short amendment. Let us hear it.

The PRESIDING OFFICER. Objection is heard.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 2064.

At the appropriate place in the House bill add the following:

FINDINGS

The Senate believes that Americans should be encouraged to save for their retirement; and

The Senate recognizes that only slightly more than one-half of all civilian employees are covered by employer-sponsored retirement plans and, of those employees, only half are now vested in their benefits; and

Over 70 percent of all taxpayers who have established individual retirement accounts have annual incomes of under $50,000; and

The Senate recognizes that taxpayers should be able to adequately provide for their retirement security, cannot rely on Social Security alone, and should be encouraged to provide for their retirement through tax incentives:

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senate Democratic leader.

Mr. BYRD. I thank the Senate and I thank the Chair.

Mr. President, I suppose there will be a second-degree amendment offered now. I may ask for the yeas and nays.

First, however, I would like to inquire of the distinguished Senator from Connecticut, without losing my right to the floor, if he would like the yeas and nays on this amendment, or if he would like the yeas and nays on the amendment in the first degree and the amendment in the second degree to the Senate bill.

I would like to help get those yeas and nays if he wishes to have them.

Mr. DODD. I certainly think the yeas and nays, I say to the leader, would be appropriate.

I know of no reason to object at this time. It could have been done on a voice vote. This is really of no merit other than to just express our will.

May I inquire of the minority leader what is the effect of law of such amendment that we have read to us.

Mr. BYRD. If the yeas and nays are ordered, of course, and amendment cannot be modified without unanimous consent. It cannot be withdrawn except by unanimous consent. I would also say, if the distinguished Senator wishes me to offer and amendment in the second degree, I can do that at this point, because I have the floor.

The Senator from Delaware, simply by offering an amendment, does not retain the floor. He loses the floor the second he offers such amendment. So I have the floor now. I do not presently have any amendment to offer, but I would be glad to if the Senator from Connecticut wishes me to assist him.

□ 2000

(Mr. CHAFEE assumed the chair.)

Mr. DODD. Mr. President, I would say to the distinguished Senator from West Virginia that I do not really want to become a participant in this ploy. All we are trying to do here is clutter it up so there will be no opportunity to offer another amendment. I would like to offer an amendment, a freestanding amendment, that would do some meaningful thing to the IRA's. I do not really want to be a participant in this charade. If the opposition to this wants to offer additional amendments in the second degree to foreclose any amendment being offered to this particular sense-of-the-Senate resolution, then the proponents of this particular option are free to do so. I really do not want to participate in that.

Mr. PACKWOOD addressed the Chair.

Mr. RIEGLE addressed the Chair.

Mr. BYRD. Mr. President, I have the floor and I ask the Chair to protect my rights to the floor while I have it.

The PRESIDING OFFICER. The minority leader has the floor.

Mr. BYRD. Mr. President, I share the sentiments of the distinguished Senator from Connecticut [Mr. DODD]. I anticipated that he might respond as he did, and I am glad he responded as he did.

What we are seeing here is precisely what has been stated by the distinguished Senator from Connecticut and the distinguished Senator from Michigan, namely an effort on the part of Senators to make the people believe that something indeed is being done about this particular provision in connection with which Senators have received a great deal of mail. The two Senators to whom I have just referred have indicated the volume of mail that has been received by them from their constituents. I have received a considerable amount from mine.

But I just wanted it to be understood by those who are watching and listening that this sense-of-the-Senate resolution does not accomplish anything. It is a sense-of-the-Senate resolution, and that is it. It is not binding. It has no legal or binding effect whatsoever.

But just that the RECORD may be clear and that those who are listening and watching this debate may fully understand, what we are seeing now is an effort to leave the impression with the people out there on television and the people who read the RECORD that a sense-of-the-Senate resolution is going to cure this provision in the bill about which the Senators from Michigan and Connecticut have received much mail.

I do not intend to offer an amendment. I intend to yield the floor and let the Senators on the other side——

Mr. PACKWOOD addressed the Chair.

Mr. RIEGLE. Will the Senator yield?

Mr. BYRD. Mr. President, I have not yet yielded. I said I do not offer an amendment at this point. I intend to yield the floor shortly so that Senators on the other side may proceed with the offering of second-degree amendments. And if they want to move to recommit the measure with instructions that it be reported back with sense-of-the-Senate resolutions, that is fine with me. They are within their rights. That is within the rules of the Senate. I do not have any problem with that.

Any action taken here by a Senator within the rules of the Senate, is within his rights and that is all I can expect of anybody.

I want Senators on this side of the aisle also to be able to act within the rules of the Senate and I want their rights respected. That is why I have taken the floor at this time to state that if any Senator wishes me to offer an amendment, I can do it. I have the floor. I know how to protect my rights to the floor and I know when a Senator is properly recognized by the Chair.

I will yield, Mr. President, with the understanding I do not lose my right to the floor in yielding briefly to my colleague from Michigan, after which I expect shortly to yield the floor.

Mr. RIEGLE. I thank the Senator for yielding.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Reserving the right to object. For what purpose is the yielding?

Mr. BYRD. I am yielding to my friend from Michigan because he asked me to yield. Under the rules, I can only yield for a question if there is objection. And I am seeking merely to protect my rights to the floor while I yield to the Senator for no other purpose at all than for a statement.

Mr. PACKWOOD. For a question.

Mr. BYRD. I will not yield to him for him to offer an amendment. I am not doing that, because a Senator cannot get the floor under the rule and field it out to other Senators for the purpose of their offering amendments. I am not doing that.

I simply said if the Senator wants me to offer an amendment, I will offer it for him because I have that right

and I have the floor. But, otherwise, I have no intention of offering an amendment.

But, without objection, I yield to the Senator for the purpose of his making a statement only, after which I expect to yield the floor.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. RIEGLE. Mr. President, I would have been quite prepared to put this in the form of a question, but not being compelled to I guess I will just make a brief comment.

As the Senator knows, and as all Senators know, we have had difficulty getting good cost estimates from the Joint Tax Committee because there are so many people lined up at the door trying to get estimates so they can put amendments together. It is just a problem we have all had.

The group that I am a part of and Senator DODD is a part of, a bipartisan group on an IRA law change, we have just today, as a matter of fact, gotten more data from that Joint Tax Committee to enable us to prepare this amendment and to get it into the proper form so that we can offer it so that it keys into the bill. We know the numbers are solid and that we can bring it to the floor with that kind of knowledge and strength to offer to our colleagues.

So, in a sense, all of us have been handicapped who want to offer serious amendments because it has been hard to get the information from the committee with which we must work. So, in a sense, that is relevant, I think, to a sense-of-the-Senate resolution coming now. If a sense-of-the-Senate resolution is offered at the outset in a preemptive way—in a sense, to prevent us, those of us that are drafting serious amendments that are amendments that have the force of law, serious in that respect, that actually would change the bill, change the content of the bill—if, just at the time we are getting the information to draft our amendment, somebody comes along with a sense-of-the-Senate resolution, which is an entirely different kind of a matter, we, I think, have been injured, in a sense, because we were trying to proceed in good faith.

There have been no secrets about it. We had a very large bipartisan press conference today to lay out the essence of the amendment that we planned to offer.

But I think it would be appropriate for us to have a chance to offer a substantive change in the bill itself and, if the Senate turns it down, then the Senate has worked its will. But, failing that, if somebody wants to offer a sense-of-the-Senate resolution which is not binding and which does not change anything, really—I mean, it is an expression of feeling, but nothing more than that—that would be the logical sequence.

So, I guess I feel as if laying it down tonight in a preemptive way in front of serious IRA amendment, which actually would have the force of law, is troubling to this Senator. I do not think it is really fair to the issue, nor do I think it puts Senators in the best position to be able to make a judgment in hearing the debate in a serious way on an amendment that has the force of law as to how they might want to vote on the IRA situation.

I want to make one other point, and it is a very important one. And I want to, if I may, engage the chairman of the committee on this. I am not going to quote things that we have said in private conversation. I have enormous regard for the Senator from Oregon, as he well knows, over many, many long years.

But, as we chatted about this, I was making a point to him—and I make it here now to the Senate as a whole—that I think the best thing that the Finance Committee could do here would be to allow the Senate as a whole, if it is the opinion of the majority of the Senate to want to restore the IRA in part, as we are doing here, that you take the Senate as a whole in as partners, if you will, in the tax legislation and let us have the opportunity to make this one change; if no other, just this one change. Because I think the votes are here to want to do it.

I think, even if we take it in the sense-of-the-Senate form, which is not really binding, I think you will see a substantial majority sentiment that says: "Do something about the IRA's."

As a practical matter, in terms of the durability of this tax bill down the road and the fact that all of us have to live and work together and face other issues in the future, let the rest of the Senate come in, particularly the bipartisan coalition that has worked hard to draft a genuine IRA restoration amendment, let us offer that and, if we succeed, let us become partners with you, those of you on the Finance Committee that have drafted this bill.

You know, I do not think this bill should have to be so exclusive that it can only be drafted by the Finance Committee by itself, or somehow altered perhaps in a conference committee that the rest of us have no chance to participate in.

□ 2010

Let us be part of it. Let us be a constructive part of it. I mean it makes good sense. It is going to give you a stronger tax bill, and it is going to give you a more durable tax bill down the line which leads to my next point; that is this, when I was conversing with the chairman of the committee I said I want to pose the question that I posed to him then, and I pose it to him now for whatever response he wishes to make.

Mr. BYRD. May I interrupt the distinguished Senator?

Mr. RIEGLE. Yes.

Mr. BYRD. I have yielded to the Senator for a statement by the Senator. When he finishes his statement I am going to yield the floor and it will be open to any Senator, but I have not asked that I yield to the distinguished Senator for a colloquy with other Senators.

Mr. RIEGLE. Let me put it in the form of a rhetorical question, and I would hope maybe the Senator from Oregon will respond to it. If not, I will seek the floor in my own right.

Mr. BYRD. I say to the distinguished Senator that when I yielded the floor I wanted to yield to the Senator from Michigan for a statement as long as he wished to speak. I understand that would be for a reasonable length of time. I do not want, upon yielding the floor, for the Chair to feel that another Senator has the floor by virtue of my having yielded to that Senator. I object to that, whether it is on my side or the other side of the aisle.

Mr. RIEGLE. I understand the Senator's point. Will the Senator allow me to conclude my remarks in the next 60 seconds?

Mr. BYRD. Surely. I am not pressing the Senator to conclude in the next 60 seconds or 4 or 5 minutes. I want to hold the floor until he finishes. I got the floor in a fair way under the rules, and I want to retain it in a fair way under the rules. I want other Senators also to be able to get the floor fairly under the rules no matter which side of the aisle they are on.

Mr. RIEGLE. If the Senator will yield to me further to finish my statement, I appreciate precisely the point.

I will not pose a question. I will just say this: That as I inquired of the chairman and the Senate Finance Committee as to whether, if the Roth amendment were to be passed by the Senate, the sense-of-the-Senate resolution would be binding on the conference, or Senate conferees, would the chairman of the committee feel bound by it? Would that mean if we passed the sense-of-the-Senate resolution by whatever vote, the majority vote or even unanimously, would that mean that would be instructed to be in a sense an ironclad instruction to the conferees to go and get that IRA provision restored regardless of any other changes that might or might be made?

I do not want to characterize the response. I would rather the Senator from Oregon do that himself, and we can engage in a colloquy either later tonight or tomorrow. But I must say that the answer I got was troubling to this Senator because it was not the

kind of clear cut answer that I think one would want to hear that wanted to be sure that we were going to restore the IRA. But I do not want to attempt to speak for the Senator from Oregon. He does not need anybody speaking for him. He is very capable of speaking for himself.

But, in any event, I was concerned about the response and will say to the Senator from Delaware that I do not know if he has asked that question himself but he had better ask it.

The Senator from Delaware yesterday or the day before offered a legislative amendment that provided a way to pay for the IRA. I did not happen to agree with that method. It was very carefully put together, and I thought it was a serious amendment. Unfortunately, that amendment has apparently gone down the drain, and it is being replaced now with a sense-of-the-Senate resolution.

I hope the Senator from Delaware will attempt to determine, as I want to now determine, exactly how binding any of the sense-of-the-Senate resolution would be on the conferees of the Senate even if it were to be passed.

I thank the Senator from West Virginia.

Mr. BYRD. I thank the Senator.

Mr. President, I have not yielded the floor yet. I am going to do so very shortly. The amendment is open to amendment. I do not intend to offer any amendment.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, let me say one word. I will yield the floor.

I want to lay to rest that there is some kind of ploy. There is nothing to prevent anybody from offering amendments that want to offer. I think perhaps there is a strong feeling that there should be some changes as far as IRA's are concerned. I do not want to leave the impression that we have tried to join in some cabal here that will in effect eliminate any opportunity.

First, that is not the case. Second, I do believe that there are many opportunities in the conference to address some of the issues because all the issues on the floor whether it is IRA's, real estate, whatever it might be, are going to be areas in the conference that are going to be addressed.

I think the chairman seeks—and he can speak for himself—to restore IRA's. We are talking abut $25 or $26 billion. I think we have to ask ourselves a question, in the final analysis, Do we want to raise the rates?

We can make all the speeches we want without talking about that. So we are going to raise the minimum tax, we are going to do this, we are going to do that. I think the final question is: Are we going to raise taxes for individuals including millions who may not be IRA participants?

I think as long as we can keep the debate right out in the open, there are no ploys, and anybody can offer their IRA amendments. This amendment by the distinguished Senator from Delaware who has had a long-time interest in IRA's along with the Presiding Officer, I might add, to make a record so that when we go to conference with a big, big vote hopefully with amendment, I think everybody would join in their support for the amendment, so that he is in a position as a conferee with the chairman cosponsoring to I think speak rather strongly for the Senate to really make some headway in that area.

So I have no quarrel with any amendments that are going to be offered. I wanted to indicate there had been some reference earlier that there is some kind of ploy we engaged in to deny others the right to "save IRA's." That certainly is not the case.

Mr. PACKWOOD addressed the Chair.

Mr. DODD. Mr. President, will the distinguished Senator yield for a question?

The PRESIDING OFFICER. The Senator from Oregon.

AMENDMENT NO. 2065

Mr. PACKWOOD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oregon [Mr. PACKWOOD] proposes and amendment numbered 2065.

At the end of the amendment add:

It is the sense of the Senate—

(1) that the Senate conferees on the Tax Reform Act of 1986 give highest priority to retaining maximum possible tax benefits for individual retirement accounts to encourage their use as a principal vehicle for ensuring retirement security, and

(2) that the retention of the tax benefit of individual retirement accounts should be accomplished in a manner which does not adversely affect the tax rates or distribution by income class of tax reduction otherwise provided for in the Tax Reform Act of 1986.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I am sorry to hear some of my distinguished colleagues on the floor of the Senate indicate that the sense-of-the-Senate resolution is irrelevant, and is a ploy. I take my obligations as a conferee seriously. If the sense-of-the-Senate resolution passes, I will do whatever I can to implement it within the terms as stated in that sense-of-the-Senate resolution in terms of its effect on income distribution, and rates.

If there is a way that we can have IRA's, not increase the rates, and not change the income distribution, I regard this as a serious obligation. I am sorry that my colleagues think that sense-of-the-Senate resolutions are irrelevant.

I will recall from time to time in the future when they will be offering or supporting sense of the Senate resolutions on observing SALT talks or something else that they have said they are irrelevant and meaningless. But for the moment let me talk about another point.

Apparently the Senator from Michigan and the Senator from Connecticut are going to finance restoring IRA's in the bill with a minimum tax. The amount of money that is needed to restore IRA's either in full or in part is no secret. This is not something that the Joint Committee on Taxation has kept secret. This is something everyone has known from the time we were talking about IRA's. The amount of money that can be raised with a minimum tax, corporate or individual, raising it 1 percent, 2 percent, 3 percent, whatever you want to raise it to, you can cost out almost down to $10 million on a $1 billion increase.

So where have my good friends been for the last 2 days? We have been now 4, 6, 10 hours waiting for an amendment. If my good friend from Connecticut, and my good friend from Michigan, are so all-fired upset about being precluded, why were they not here on Monday afternoon or Tuesday afternoon to offer the amendment?

Mr. DODD. Will the distinguished chairman yield?

Mr. PACKWOOD. Yes.

Mr. DODD. Because we could not get any numbers from the Joint Committee on Taxation, quite frankly, and I am not the only Member here. Others have been in the same position.

Mr. PACKWOOD. The numbers that the Senator needed on this issue, if he is going to finance it by the minimum tax, have been known for weeks.

Mr. DODD. Let me say to the distinguished chairman as the one who 3 weeks ago inquired of the Joint Committee on Taxation as to what the numbers would be on various options to pay for the IRA deduction, it was not until the very first part of this week that we finally got some numbers.

We still do not have the numbers from the Budget Committee. Clearly, the first question the chairman would ask the Senator from Connecticut is, if he offered such amendment, what are the revenue figures? I cannot make up the numbers out of my head.

Mr. PACKWOOD. What I am saying is that had the Senator asked the joint committee a week ago, 2 weeks ago, or 3 weeks ago, "what will happen if we increase the minimum tax on individuals from 20 to 21 percent, or what will happen if we increase it on corpo-

rations from 20 to 21 or 22 percent," you could have had an answer. That particular question could not be begged off by saying we could not get the information. Maybe you did not ask for the information. But that information is readily available.

□ 2020

Mr. DODD. If the Senator will yield, all of us are finding out information for the IRA's. We were looking around because I heard the chairman say so eloquently this afternoon "In lieu of what?" We began to look around to try to do something about the IRA's and what would be the offset in revenues.

I think what is highly attractive about this particular proposition is you cannot just come in here and say restore the IRA's. You have to say to the chairman as the offerer of the amendment where the revenues have to come from. We have to make it revenue neutral.

So we did send letters to the Joint Tax Committee to ask for various numbers on various options. It was not until last week that we actually asked about the alternative in the tax. We got most of those numbers, but we are still missing some.

I would say with all due respect to the chairman of the committee there is a number of Senators who have amendments that have yet to receive answers from the Joint Tax Committee as to what the revenue implications are.

No one can stand up here and offer an amendment without being able to also say accurately what the revenue offsets are going to be. I say to the chairman in all due respect that is the reason.

Mr. PACKWOOD. I can understand if my good friend had not decided to finance it with an increase in the minimum tax. If he did not know how he was going to do it, obviously he could not present the amendment. But both of those subjects, indexing or delaying rate reductions, are well known, relatively hard figures that have been readily available for several weeks.

To the extent somebody does not know how they are going to raise the money, I can understand how they are not prepared to go forward with an amendment.

But I think it is unfair at this stage to the Senator from Delaware who has been the leading fighter on this before we ever went into markup. He has been fighting and fighting on the subject of the IRA.

It is unfair to him when he comes in to offer a sense-of-the-Senate resolution when any time in the last 2 days somebody else could have come in.

I will tell you what I think actually happened. We will find out after the sense-of-the-Senate resolution passes, and I think it will.

Mr. BRADLEY. Will the Senator yield before he proceeds, if we can have a slight interlude for a discussion about procedure?

Mr. PACKWOOD. Yes.

Mr. BRADLEY. So we can focus a little bit on what the bill actually does with regard to IRA's, I have received any number of communications from various groups saying something like "Warning, someone in Washington wants to kill your IRA." That is evidence of the kind of attitude which is around.

I think it is important to realize what we do in the bill with regard to IRA's.

The fact of the matter is, if all you have is Social Security and you do not have an employer pension, you can continue to deduct up to $2,000 for an IRA. Is that not true?

Mr. PACKWOOD. It is absolutely true.

Mr. BRADLEY. Is it also not true that in the last 4 years during which time you could have put up to $4,000 away for a couple into an IRA account, although that was a very few number of people who were able to do that, that $4,000 that is now in that account remains tax free. Is that correct?

Mr. PACKWOOD. Absolutely.

Mr. BRADLEY. And is it not also correct that if you choose subsequent to the passage of this law to put more money into an IRA account, that the additional money that you put into the IRA account can earn interest tax free?

Mr. PACKWOOD. Absolutely true again.

Mr. BRADLEY. Is it not true that some individuals who will no longer get the deduction might very well say to their company, "I can no longer get an IRA deduction. You deduct $2,000 off the top in a 401(k) plan."

Mr. PACKWOOD. Correct.

Mr. BRADLEY. I would suggest further, is it not more likely, because of what the bill does with regard to vesting, that one has to work only 5 years in a firm in order to be eligible as opposed to 10 years, that many more people will be covered by employer-paid pensions?

Mr. PACKWOOD. Probably the biggest change in the retirement provisions in the bill was that change in 5-year vesting, especially if you are talking about helping the poor, those who work 25 to 30 hours a week, those making $13,000 to $14,000 per year. That particular provision is critical.

Mr. BRADLEY. As pertains to the IRA deduction, is it not true that under current law if someone was in the 50-percent bracket, the value of their deduction would be 50 cents on each dollar that they deduct?

Mr. PACKWOOD. Correct.

Mr. BRADLEY. And under the reform proposal, is it not true, if one of the 85 percent of the taxpayers who have incomes under $40,000 decided to have the IRA, because we have restored the full deductibility, that the value of that deduction now would only be 15 cents on the dollar?

Mr. PACKWOOD. Not only that, but if you take averages, and you always have to be careful with averages, for those 85 percent of the taxpayers who will be in the 15-percent bracket, on the average they will have more money under the bill, even if they cannot deduct their IRA but because of the lower rates, than they have currently under the existing law with the deduction of the IRA and the current rates.

Mr. BRADLEY. I would say to the chairman that I think it is important for us to at least know what is in the bill before we start saying what is not in the bill and what we would like to add to the bill.

I would also say to the chairman, as he has just said, that there is a choice in the tax reform. It is that you give up certain tax expenditures in order to get tax rates down.

You are also saying that you are going to make sure that everybody pays something. At least, this Senator thinks that the choices to be made are well worth it.

Before we get into a discussion further on the IRA amendments tomorrow, I thought it was important that the Senate be clear that the reform bill does not kill the IRA deduction; that it preserves it, and that it augments it and, in the long term, the 15-percent rate is small, giving up the IRA deduction, that 15 cents on the dollar value is well worth getting the 15-percent rate.

Mr. PACKWOOD. I think I received that same flyer the Senator referred to. It is interesting as to the pecking order as to who sells the IRA's. This bill is being supported as it is by both the U.S. League of Savings Associations and the American Bankers Associations. They sell IRA's. You would think that normally they would have misgivings about it.

What they have discovered, and it is not mentioned in that flyer at all, what the banks and savings and loans have discovered is this:

First, they get somebody to put money in an IRA although it is frequently out of their savings account at the bank. They take it from their savings account and they put it into the IRA account.

Of course, under the law you can shift your IRA from place to place.

Under the law, mutual funds and brokerage houses are able to offer the IRA holder a slightly better deal so they flee the bank or flee the savings and loan. Much of what we have been getting from those who are concerned

about IRA's is from brokerage houses and mutual funds that sell IRA's.

□ 2030

That is their concern—not who buys them, what income class buys them. They simply sell them.

Mr. RIEGLE. Will the Senator yield for a question?

Mr. PACKWOOD. Yes, Mr. President.

Mr. RIEGLE. I think the Senator from New Jersey [Mr. BRADLEY] has made a number of observations about what the IRA's effect would be.

Am I right in understanding that if we adopt the committee bill as it is now, of the current profile of IRA holders, there are some 20 million—this what the Joint Tax Committee is telling us—IRA holders who now get the front-end tax deduction who would lose the front-end tax deduction if they invest in IRA in the future. Just the front-end tax deduction. Twenty million is the figure we have been given. Are they right in that?

Mr. BRADLEY. Mr. President, let me respond to the Senator from Michigan by saying the latest figure I have is 15 million, not 20 million.

Mr. RIEGLE. It is not 15 million, it is at least 20 million. We have been told at another time 20 million. It seems to me when you have that many people in the country who lose the front-end deduction, to have left that fact out while providing the other ones, which are useful ones, I think it is an important omission. That is why we are getting all the mail.

Mr. BRADLEY. All 15 million will not lose the front-end deduction. All 15 million will not lose. If you do not have an employer-paid pension plan, you can continue to deduct up front, even if that deduction is only worth 15 cents on the dollar. That number is roughly about a third.

Mr. DODD. Will the chairman yield for a further question?

Mr. RIEGLE. I dispute that.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. Mr. President, I yield the floor.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut sought recognition.

The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, just on the this point the Senator from New Jersey [Mr. BRADLEY] has raised, it is certainly a worthwhile piece of information to have. I think the point is for those of us who are proposing an alternative that, even while the IRA's are protected for those who do not have pension plans and favorably deals with those individuals who have pension plans that were between the 5- and 10-year periods of vesting, clearly, that is improved by bringing it down to 5 years.

The point is that even people with pension plans want to be able to add to their own retirement security, and what we are proposing here is a modest change in the alternative minimum tax of both individual and corporations who are the 350,000 most affluent taxpayers in the country to provide not only some relief for that 15 to 20 million taxpayers who would be adversely affected by this particular bill, but also to those others who want to be able to enhance, if you will, their present retirement picture by being able to continue their IRA deductions, and the inducement, obviously, of a credit would contribute to that significantly. So it is not just to deal with those who would be presently excluded, but also those who would be included under the Senate Finance Committee bill.

I further suggest, Mr. President, after listening to the last colloquy betweeen the distinguished chairman of the Committee on Finance and the distinguished Senator from New Jersey [Mr. BRADLEY], who serves on the committee, that there seems to be very little reason, given the arguments that were raised, that there should be anything changed when we go to conference; that in fact what the Finance Committee has done with IRA's is more than adequate to allay the fears of anyone who feels he is going to be adversely affected by this bill; and that indeed, the fears of those of us who are concerned about how effective the bill would be are addressed by the colloquy between the two distinguished Senators; that the likelihood that we are going to see any additional changes is small because of the strong feelings that the Senator from New Jersey and the Senator from Oregon have about the present provisions of the bill; and they have done an excellent job.

Mr. RIEGLE. If the Senator will yield, there is even a piece of evidence that is current that bears out what the Senator just said. That is if you listen carefully to the words of the second-degree amendment, there is a proviso in that second-degree amendment that basically lets the Finance Committee and the conference committee off the hook so on the one hand, they can say they are going to do something about IRA's but they lay down in the second-degree amendment conditions that are virtually impossible to meet.

If my memory is right, and if I heard the clerk right a few minutes ago, the second-degree amendment proviso said that the changes could not affect the distribution of tax cuts by income category. That is a complex phrase, but the bottom line is that that makes it almost impossible to find a revenue offset, if you will, under that kind of sense-of-the-Senate resolution as it has now been amended, to actually pay for the restoration of the IRA which the Senator from Delaware has called for.

So, in a sense, the addition of the amendment really destroys the meaning of the resolution. It sort of cuts the heart out of it.

What I do not understand is why, when every amendment that has to be offered has to have a revenue offset—in other words, we have to pay for amendments—how is it that we can have a sense-of-the-Senate resolution that is not paid for?

Why should not the same rule apply to a sense-of-the-Senate resolution? We are asking anybody who comes in here with a real amendment that is really going to make a change to pay for it. That is fair enough. We put together a proposition; others have a different way of doing it. But if we are going to turn around and apply a different rule to a sense-of-the-Senate resolution and say, "You can have anything you want and you don't have to pay for it; you don't have to come in with any idea of how to pay for it"—to me that is a double sham. You cannot have one principle that is going to apply to amendments and stand on that principle and then turn around and say, on the other hand, "If you want something but you are not serious about it, put it in a sense-of-the-Senate resolution; you don't have to have a revenue offset, you can treat that in a different fashion." Any sense-of-the-Senate resolution on this bill ought to have a revenue offset.

Mr. DODD. If I may reclaim my time, I point out that my colleague is exactly correct. I wonder if, on this bill, we are going to see a deluge of sense-of-the-Senate resolutions every time an amendment is going to be offered on this tax bill over the next week or so. All the rest of us are scurrying around trying to get the Joint Tax Committee to give us an idea of what the revenue offsets would be. It seems to me we just ought to be offering sense-of-the-Senate resolutions and not provide any offset.

I know the distinguished Senator from Maine is considering an amendment, the distinguished Senator from Texas is considering an amendment, the distinguished Senator from Montana, the distinguished Senator from Arizona has one on the sales tax. I wonder if we are going to see a sense-of-the-Senate resolution on every amendment we are going to offer.

Or I wonder if this is going to be the only one? Then the question is why are we going to have a sense-of-the-Senate resolution when we are dealing with IRA's? I wonder if this is not a ploy; then, of course, I presume we will have a sense-of-the-Senate resolution on every single amendment that is offered. If there are no additional

sense-of-the-Senate resolutions, then I suspect my earlier concerns about why we are being confronted with this particular procedural tactic are correct.

I ask the Chair if I may proceed on a point of parliamentary procedure.

The PRESIDING OFFICER. The Senator will state his parliamentary question.

Mr. DODD. What is the present status procedurally? Is it possible at this juncture to offer any additional amendments under the rules of the Senate other than a motion to recommit to the matter pending before the Senate?

The PRESIDING OFFICER. The Senator is correct; it is not possible to offer any other amendments.

Mr. DODD. I hope that my colleagues have heard that. There is no other option here. We have been totally foreclosed. Not that I would have wanted to participate, as I said earlier, in this. But I think it is useful to not, as the Chair has pointed out, that there is no other way to offer an amendment. We have now shut the door procedurally to all avenues of procedure.

The only alternative would be to offer a freestanding amendment on this issue. At this juncture, barring some discussion by my colleagues, I would urge that we vote unanimously to approve the sense-of-the-Senate resolution and then get to the business of this particular proposition. Then we will see if there is enough support here because a major ingredient to this issue is the revenue source.

If you are not able to reach consensus on the revenue source and, as the Senator pointed out, we have virtually foreclosed all other revenue sources by adoption of the resolution, then it seems to me this body may be unable to do anything worthwhile.

The other body, the House of Representatives, has stated its position on IRA's. I happen to disagree with that. The chairman is correct. To restore IRA's to a $25 or $26 billion financial amount is excessive. I do not think we can afford to do that. But I do think we can afford to provide a credit which is a significantly reduced amount and offset that a bit by modifying the alternative minimum tax a minor degree in order, over 5 years, to pay for this.

□ 2040

I hope in the meantime that we might build even broader consensus for that approach. And so, Mr. President, we will resume this debate tomorrow morning, at which point we will have a more lengthy discussion about the merits and demerits of specific proposals. But I hope my colleagues would appreciate, with all due respect to actually one of the great fathers of IRA, the Senator from Delaware, and he really deserves that distinction, that with all due respect to his original proposition on these matters going back almost a decade, a sense of the Senate resolution is not going to correct this problem; that we will have an option up which we hope will be attractive to a majority of this body where it will give Members an opportunity to actually do something about IRA's.

I yield the floor, Mr. President.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I think it is very important that the Senate understand the Senator from Delaware had only one purpose in introducing his amendments, and that is to strengthen the IRA. As has been said earlier, I am a father of the IRA. I am a strong believer that it should continue. Frankly, I am not satisfied with the current IRA. I, for one, believe it ought to be made available to housewives, to homemakers; they contribute as much as anyone to our society and are entitled to security.

I believe it is important as a nation that we become more of a savings nation and less a consuming nation.

Mr. President, the IRA's are profamily and pro-America. That is the reason I so strongly endorse them. They are profamily because they help the American family plan for their retirement. As I said earlier, the vast majority of the 28 million who have IRA's have made a serious commitment when they put funds into them. They are not only making a commitment in the first year they make a contribution but also the following years until they reach retirement. For that reason I think it would be a serious mistake to reverse the path and tell the American people their contributions to IRA's are no longer tax deductible.

Now, the reason I introduced this amendment is because I believe the best opportunity we have in keeping the current IRA and keeping the contribution to that program tax deductible is to have a commitment from those who are going to participate in the conference. I believe that this amendment is doing exactly that and that those who are sponsoring or cosponsoring it are doing so because they expect to keep that commitment.

There is a broad support for the full IRA tax credit. Time tonight does not permit me to go into great detail, but I should like to repeat what is contained in an editorial of the Christian Science Monitor on Tuesday, May 20. In this editorial the Christian Science Monitor says:

> There are strong reasons for the Senate and the eventual Senate-House conference committee to restore the full IRA tax credit in tax reform legislation. The chief reasons:
>
> 1. Americans needs to save money. As already noted, savings create investment capital which buys plant modernization, which increases productivity, which means a higher standard of living in the future;
>
> 2. Americans need to be wooed into recovering the saving habit. IRA's are a widely publicized vehicle for reminding a new generation of this virtue practiced by many of their ancestors;
>
> 3. IRA's need not be the reserve of the upper and middle income group. President Reagan, leaders in his administration, and leaders in small and large business can stimulate more blue collar participation. One way to do so is to encourage more payroll withholding IRA plans.

So, Mr. President, I make it very clear that the proposer of this amendment is indeed, very, very serious about the kind of commitment he is making. I assure the Members of this distinguished body that as a conferee it will be my intent to fight to strengthen and preserve the IRA, including the tax deduction for contributions.

I hope that all Members of the Senate will join me because I think the more Senators on both sides of the political aisle to support us in this effort will strengthen the hand of the Senate in the conference.

I yield back the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I am wondering if the Senator from Delaware would lay to rest this Senator's concern as it relates to the question of the restoration of IRA's because I read in the second-degree amendment the paragraph which says "that the retention of the tax benefits of individual retirement accounts should be accomplished in a manner which does not adversely affect the tax rates or distribution by income class of tax reduction otherwise provided for in the Tax Reform Act of 1986."

Does that mean that if there is a distribution of income, let us say, from some of the very wealthy who will be taxed as a result of the individual minimum or corporate tax, that revenues will be gained to pay for the restoration of IRA's; that then the sense of the Senate resolution would preclude that from taking place?

Mr. ROTH. Let me point out to the distinguished Senator from New York that the tax credit proposed I believe in his amendment as well as the one that I had earlier proposed in my draft of another amendment would be perfectly appropriate under the language before the Senate. I fully expect that we can preserve the IRA. I think we can find the means of financing that in conference and doing it in such a way that it will fulfill the requirements of the resolution.

Mr. D'AMATO. I might just point out to my colleague that what the second-degree amendment offered by the majority leader, Senator DOLE and others, says very clearly is that if the income distribution is adversely affect-

ed—that means if it is changed—why, then, this resolution is without the force and authority of the Senate, even though they have voted for it.

Am I wrong in that interpretation?

□ 2050

Mr. ROTH. My answer to the distinguished Senator is this: I think that what is important is that by getting the commitment of the conferees that they are going to restore the IRA so far as tax deduction is concerned, that is what the sense-of-the-Senate resolution is all about.

I point out to the distinguished Senator that this resolution is cosponsored by the majority leader, Senator DOLE, as well as the chairman of the Finance Committee, Senator PACKWOOD, as well as myself. We will all be conferees, as I understand it. I think the best assurance anyone can have that we will do something about what I consider the current deficiency is to have the conferees dedicated to restoring the tax deduction. That is exactly what I intend to do, and we believe that that can be done in conference, and that is my reason for sponsoring it.

Mr. D'AMATO. I thank my distinguished colleague for his explanation.

I thank my distinguished, colleague, the senior Senator from Delaware, for his persistence and leadership in the area of true and meaningful tax reform. I believe that without Senator ROTH and his leadership in this area, we never would have reached this day today, where we are discussing the relative nuances in comparison to the eons we have come.

We forget that we have come from a 70-percent tax rate down to 50 percent, and we are looking now to come to 27 percent, and we are also looking to accomplish some magnificent things.

Many times I have heard the cry: "My God, in America you're better off being on welfare or social services than working," because working families in many cases brought home less than if they were to resort to social services. I have heard that many times.

The bill that is before us is historic in this area. It is historic in the area that, for the first time, we encourage many working families to continue the work ethic. We encourage those on social services to move off because it pays to work.

I think it is a good bill, and I think we can make this a better bill. I reject those who say that to offer any amendment would sink it. This bill has the force of logic, the cogency and productivity of a bipartisan committee that has fashioned it, and it will not be impeded, and certainly not by an amendment that makes it stronger. It serves the interests of not the wealthy. Much as I am for this, I reject those contentions which say that this is for a handful of wealthy as demagoguery. That is nonsense. That would be the same as if I said this bill has no merit. This bill has merit, and I am going to support it, notwithstanding that the amendments we may offer will not be accepted.

I would beg those who have worked so hard to bring us to this point not to be strung out to being conquered, not to take the major focus off the historic nature of this amendment, and to take on the amendments, for better or for worse.

I think there is a wide body of great support that can see that friviolous amendments that would be offered to this bill would be defeated. Therefore, to say, "I have to resist all amendments, no matter how meritorious," is an overstatement.

I implore our chairman and our majority leader. The chairman really played the part of a modern-day bringing Lazarus to life. This bill was dead, absolutely dead. The House bill was dead. I think it was a turkey. I said that.

I think that what we were doing initially in considering those proposals that were similar to what the House was doing was nothing more than emasculating it and making a bad product worse.

Then came an imaginative drive to say, "Let us give tax reform an opportunity. Let us close down the shelters and get the marginal rates down." And they did.

Senator BOB PACKWOOD is responsible for bringing those rates down and forging this great body of support—no one other than Senator PACKWOOD.

I do not think we should get hung up in terms of whether or not we should do this on the Senate floor or whether we should allow it to the good offices of the conferees.

I hope we can dispose of it by a vote. That is what this body is about. We embody democracy. We should trust it to the Members to make their decisions intelligently and understanding how far we have come—the eons we have come since Senator ROTH started his monumental drive for tax equity.

I say to the distinguished Senator, with respect to his resolution, that I believe he truly means for there to be a resolution of this matter and instructions, to carry the force of law, to say to the conferees, "You come back with IRA's." I am not saying that IRA's have to be exactly as they are today. We would prefer an expansion.

Let me depart from my prepared text to read something:

The tax benefits applicable to IRA's are intended to encourage individuals to save for retirement. Savings for this purpose also contribute to the formation of investment capital needed for economic growth. For many individuals who are covered, including those who are covered by employer-maintained retirement plans, IRA's may play an important part in an overall strategy to provide for retirement security.

Whoever was the author of this said that those people who have pension programs—notwithstanding that IRA's were important—said that the use of IRA's for retirement savings should thus not only be encouraged but made available on a broad and consistent basis.

Then the author of this went on to say that even nonworking spouses should get additional coverage of $2,000.

That statement was made in the President's tax proposals to Congress, President Ronald Reagan, in May 1985. That statement is as true and relevant today. People need that encouragement as much as in May 1985.

That is why there are those of us in broad political representation and political spectrum and philosophy who feel that the retention of IRA's should be an important and integral part of this bill.

In looking at the second-degree amendment, I can come to no other conclusion than that it would prohibit any change in IRA's if there is any difference in the distribution pattern that would take place. Obviously, there would be a difference in the distribution pattern in the tax rates.

We are talking about a sum of money that would be $14.8 billion to $26 billion.

So the second-degree amendment that was offered by the majority leader says, in effect, that the only application of the resolution, even if we pass it 100-to-1, is, if the changes take place, "that the retention of the tax benefits of the individual retirement accounts should be accomplished in a manner which does not adversely affect the tax rates or distribution of the income class or tax reduction otherwise provided in the tax reform act."

In other words, if there were going to be a sufficient degree of people, millionaires or very successful corporations, that had to pay even 1 percent more than ordinarily as a result of keeping IRA's, then the resolution which we adopted would not have that force, because there is this caveat. This caveat says that you cannot change those rates.

□ 2100

I think that the very purpose which our distinguished colleague from Delaware is attempting to accomplish, that is sending a strong signal that we want IRA's retained, that we want the joint conferees to keep them, is defeated by this resolution.

I say if we are looking to inspire confidence in the Members of this body and in this Senator, and I am only one, then let us not have a resolution that has a hook, because this is a hook. This second-degree amendment

to the initial amendment really makes it not worthy of the kind of support that we in the Senate want to show, that we strongly believe that IRA's should be retained, and I think what the Senator from Delaware is saying is that we instruct our conferees with this, that they come back and they understand the meaning and the depth of our conviction.

I am going to support this bill regardless, but I still am going to ask that there be an amendment. I stand ready to work with our distinguished chairman, who has done such an outstanding job, to find the revenues and the pattern that would be less disruptive to this bill, understanding the fragile nature and that there are certain areas that are sacrosanct, raising the marginal rates, the 27-percent rate or the corporate rate of 33 percent. I understand those are primary considerations of the chairman, but I would hope that our test of loyalty and support of this bill would not be judged by the fact that there are those of us who have reasonable disagreements and support strongly the inclusion of other provisions. That is not the case.

I thank the President.

Mr. PACKWOOD. Mr. President, as usual, the Senator from New York has been eloquent. I never challenge his motives or integrity.

There is one thing he may be sure on. That is that we do not tax the poor to pay for the rich.

One way to pay for this amendment is to delay the indexing. That would hit the poor and those in poverty.

As the Chair will recall, Senator STAFFORD introduced an amendment. I ask unanimous consent on his behalf to withdraw the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. D'AMATO). Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. CHAFEE. Mr. President, I ask unanimous consent that there be a period now for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 11:49 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the joint resolution (H.J. Res. 382) to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

At 2 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills and joint resolution:

S. 124. An act to amend the Safe Drinking Water Act;

S. 1027. An act for the relief of Kenneth David Franklin;

H.R. 3570. An act to amend title 28, United States Code, to reform and improve the Federal justices and judges survivors' annuities program, and for other purposes; and

H.J. Res. 382, Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

The enrolled bills and joint resolution were subsequently signed by the President pro tempore [Mr. THURMOND].

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 10, 1986, she had presented to the President of the United States the following enrolled bills:

S. 124. An act to amend the Safe Drinking Water Act; and

S. 1027. An act for the relief of Kenneth David Franklin.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3301. A communication from the Director of the Defense Security Assistance Agency transmitting, pursuant to law, a report on a foreign military assistance sale to Japan; to the Committee on Armed Services.

EC-3302. A communication from the Acting Secretary of the Air Force transmitting, pursuant to law, a report on the increase in cost of the IR Maverick CPUC weapons system over its baseline by 24 percent; to the Committee on Armed Services.

EC-3303. A communication from the Chief, Program Liaison Division, Office of the Secretary of the Air Force transmitting, pursuant to law, a report that the Air Force has selected the Boeing Company to provide two executive configured 747 aircraft to serve as the new Presidential airplane known as Air Force One; to the Committee on Armed Services.

EC-3304. A communication from the Chief, Program Liaison Division, Office of the Secretary of the Air Force, transmitting, pursuant to law, a report on a decision made to deactivate the 6594th Test Group, Hickam AFB, Hawaii, by September 30, 1986; to the Committee on Armed Services.

EC-3305. A communication from the Secretary of Energy transmitting, pursuant to law, the quarterly test sale report of the Strategic Petroleum Reserve; to the Committee on Energy and Natural Resources.

EC-3306. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, transmitting, pursuant to law, a report on refunds of excess oil and gas lease royalty payments made to 4 corporations; to the Committee on Energy and Natural Resources.

EC-3307. A communication from the Secretary of Energy transmitting, pursuant to law, the annual report on the Department's Industrial Energy Efficiency Improvement Program for 1984; to the Committee on Energy and Natural Resources.

EC-3308. A communication from the Comptroller General of the U.S. transmitting, pursuant to law, a report entitled "Nuclear Energy—A Compendium of Relevant GAO Products on Regulation, Health, and Safety"; to the Committee on Environment and Public Works.

EC-3309. A communication from the President of the United States transmitting, pursuant to law, a report on the activities of the performance of U.N. member countries in international organizations; to the Committee on Foreign Relations.

EC-3310. A communication from the Secretary of Housing and Urban Development transmitting, pursuant to law, the semiannual report on the Inspector General; to the Committee on Governmental Affairs.

EC-3311. A communication from the Chairman of the Board of Governors of the Postal Service, transmitting, pursuant to law, the semiannual report on the Civil Misrepresentation Activities of the Postal Service; to the Committee on Governmental Affairs.

EC-3312. A communication from the Secretary of Education transmitting, pursuant to law, the 1984 evaluation report on the operation of the Helen Keller National Center for Deaf-Blind Youths and Adults; to the Committee on Labor and Human Resources.

EC-3313. A communication from the Secretary of Health and Human Services transmitting a draft of proposed legislation to require assessment of fees for reviews performed by the Food and Drug Administration; to the Committee on Labor and Human Resources.

EC-3314. A communication from the Administrator of the Veterans Administration transmitting a draft of proposed legislation to improve the delivery of health care benefits by the VA; to the Committee on Veterans Affairs.

EC-3315. A communication from the Secretary of the Navy transmitting a draft of proposed legislation to provide that women and male officers shall be considered together for promotion; to the Committee on Armed Services.

EC-3316. A communication from the Secretary of the Interior transmitting, pursuant to law, the annual mineral institutes report for 1985; to the Committee on Energy and Natural Resources.

EC-3317. A communication from the Assistant Secretary of the Treasury transmitting, pursuant to law, a report on three altered Privacy Act systems of records; to the Committee on Governmental Affairs.

EC-3318. A communication from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, a report on a computer-matching program between the

Army and the Veterans Administration; to the Committee on Governmental Affairs.

EC-3319. A communication from the Secretary of Labor transmitting, pursuant to law, the Inspector General's report for Oct. 1, 1985 through March 31, 1986; to the Committee on Governmental Affairs.

EC-3320. A communication from the Assistant Attorney General transmitting a draft of proposed legislation for the implementation of the International Convention on the Prevention and Punishment of the Crime of Genocide; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 186. A bill to further the development and maintenance of an adequate and well-balanced American merchant marine by requiring that certain mail of the United States be carried on vessels of U.S. registry (Rept. No. 99-321).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. Res. 425. An original resolution to waive section 303(a) of the Congressional Budget Act, with respect to the consideration of S. 2216, designating September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day"; referred to the Committee on the Budget.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COCHRAN:

S. 2532. A bill to amend the Wild and Scenic River Act by designating a segment of the Black Creek in Mississippi as a component of the National Wild and Scenic Rivers System; to the Committee on Energy and Natural Resources.

By Mr. THURMOND (for himself and Mr. HOLLINGS):

S. 2534. A bill to authorize the acquisition and development of a mainland tour boat facility for the Fort Sumter National Monument, SC, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. INOUYE:

S. 2535. A bill for the relief of Mr. Eveni Tapuni Toatapu and Mrs. Ligisifa Tapuni Eveni Toatapu; to the Committee on the Judiciary.

By Mr. HATCH (for himself and Mr. KENNEDY):

S. 2536. A bill to provide for block grants to States to pay for the costs of immunosuppressive drugs for organ transplant patients; to the Committee on Labor and Human Resources.

By Mr. CRANSTON (for himself and Mr. MOYNIHAN):

S. 2537. A bill to protect and preserve the Federal interest and the historic and natural features of the National Capital; to the Committee on Finance.

By Mr. KERRY:

S. 2538. To authorize the distribution within the United States of the USIA film entitled "The March"; to the Committee on Foreign Relations.

By Mr. WARNER (for himself, Mr. LAXALT, Mr. INOUYE, Mr. WILSON, and Mr. TRIBLE):

S. 2539. A bill to consolidate and improve provisions of law relating to absentee registration and voting in elections for Federal office by members of uniformed services and citizens of the United States who reside overseas; to the Committee on Rules and Administration.

By Mr. GORE:

S. 2540. A bill to provide immunosuppressive drugs to organ transplant centers; to the Committee on Labor and Human Resources.

By Mr. FORD:

S. 2541. A bill to require the issuance by the Department of Energy of a solicitation for coal utilization demonstration projects incorporating clean coal retrofit technologies; to the Committee on Energy and Natural Resources.

By Mr. HEINZ (for himself, Mr. SIMON, Mr. ANDREWS, Mr. CHAFEE, Mr. CHILES, Mr. COCHRAN, Mr. DODD, Mr. DOLE, Mr. GRASSLEY, Mr. HATCH, Mrs. HAWKINS, Mr. KENNEDY, Mr. LAXALT, Mr. LAUTENBERG, Mr. MATSUNAGA, Mr. MCCLURE, Mr. NICKLES, Mr. PELL, Mr. PRESSLER, Mr. QUAYLE, Mr. SPECTER, Mr. STAFFORD, Mr. SYMMS, Mr. THURMOND, Mr. WALLOP, and Mr. WEICKER):

S.J. Res. 358. A joint resolution to designate the month of September 1986 as "Adult Literacy Awareness Month"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. THURMOND from the Committee on the Judiciary:

S. Res. 425. An original resolution to waive section 303(a) of the Congressional Budget Act, with respect to consideration of S. 2216, designating September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day"; to the Committee on the Budget.

By Mr. DECONCINI (for himself, Mr. GOLDWATER, and Mr. DOLE):

S. Res. 426. A resolution commending the University of Arizona "Wildcat" baseball team on winning the National Collegiate Athletic Association [NCAA] College World Series; considered and agreed to.

STATEMENTS OF INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COCHRAN:

S. 2532. A bill to amend the Wild and Scenic Rivers Act by designating a segment of the Black Creek in Mississippi as a component of the National Wild and Scenic Rivers System; to the Committee on Energy and Natural Resources.

(The remarks of Mr. COCHRAN and the text of the legislation appear earlier in today's RECORD.)

By Mr. DIXON:

S. 2533. A bill to amend the Food Stamp Act of 1977 and the Temporary Emergency Food Assistance Act of 1983 to alleviate hunger among the homeless by improving certain nutrition programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

(The remarks of Mr. DIXON and the text of the legislation appear earlier in today's RECORD.)

By Mr. THURMOND (for himself and Mr. HOLLINGS):

S. 2534. A bill to authorize the acquisition and development of a mainland tour boat facility for the Fort Sumter National Monument, South Carolina, and for other purposes; to the Committee on Energy and Natural Resources.

FORT SUMTER TOUR BOAT FACILITY

Mr. THURMOND. Mr. President, I rise today to introduce legislation along with my colleague from South Carolina, Senator HOLLINGS, to make technical changes to the Fort Sumter Tour Boat project, a facility for which Congress authorized and appropriated funds by virtue of Public Law 95-465, Public Law 96-199, and Public Law 97-100.

Fort Sumter is one of the most historic landmarks in the United States, and each year thousands of people from throughout South Carolina and the Nation, visit this unique fortress which stands on a small island at the mouth of Charleston Harbor. It was at this fort that the first shots of the Civil War were fired, when Union troops under the leadership of Maj. Robert Anderson refused to surrender Fort Sumter to Confederate Gen. Pierre Beauregard.

In 1948, Fort Sumter was designated a Civil War memorial and also became part of the National Park Service System. Since 1948, tens of thousands have been ferried in boats from the peninsula of Charleston to the fortress island.

Despite the heavy traffic between the city and the fort, the National Park Service has never had a permanent dock from which boats could launch to take visitors to and from the fort. Instead, the Park Service has utilized space in the city marina for this purpose. This site is no longer available, however, as construction of an expressway is planned for the area where the boats currently launch.

In anticipation of this situation and also in an effort to provide the necessary amenities and an appropriate welcome center for the Fort Sumter Monument, Congress has already appropriated approximately $5.9 million to purchase property and develop a mainland tour boat facility.

Since 1978, a number of different sites have been considered for the tour boat facility. I am pleased to inform my colleagues that a suitable location has now been agreed upon by the Na-

tional Park Service, the city of Charleston, and other interested parties. Due to the length of years between the original appropriation for this project and today, some particular details of the project have changed. I am pleased to report, however, that the cost of the project has not changed substantially and it is unlikely additional money will be needed to complete the facility.

Mr. President, the most significant change the legislation which Senator HOLLINGS and I introduce today will make is to allow money which was originally designated for the construction of the facility to be used instead for the acquisition of property. The change is necessitated largely because initial plans called for the acquisition of a much smaller parcel of land upon which a parking garage would be constructed. In the revised plan, a larger parcel of land will be acquired. The new tract will be large enough to accommodate a flat level parking area, and as a result, an expensive parking garage will not be required.

In addition, this legislation would expand the 1978 law by allowing the city of Charleston to lease or purchase from the National Park Service a portion of the site upon which an aquatic museum could be built. I believe this museum would add greatly to the Fort Sumter facility, as visitors, especially school groups, would be able to combine the experience of an historic monument and an aquarium.

In addition, this legislation would give the Park Service authority to grant and accept easements and convenants over the property. This provision would allow the Park Service to enter into agreements to share portions of the parking area with the city and other interested parties. In return, the city would perform routine services such as lawn maintenance and refuse removal. Of course, any covenant or easement which the Park Service grants would be contingent upon strict compliance of National Park Service standards by the recipients.

I strongly urge my colleagues to favorably support this bill, which largely makes technical amendments to a project already approved by Congress. This legislation will clear the way to make the Fort Sumter Monument an even more impressive National landmark.

Mr. President, I ask unanimous consent that the text of this bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2534

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to provide for needed facilities for visitors to Fort Sumter National Monument, including a tour boat dock and associated facilities, and an interpretive and museum facility in cooperation with the State of South Carolina and the city of Charleston, the Secretary of the Interior (in this Act referred to as the "Secretary"), is authorized to acquire by purchase with donated or appropriated funds, donation, or exchange, not to exceed 8.91 acres of lands, including submerged lands, and interests in lands, within the area generally depicted on the map entitled "Dockside II, Proposed Site Tourbcat Facility," which map shall be on file and available for public inspection in the office of the National Park Service. When acquired lands, including submerged lands and interests in lands, depicted on such map shall be administered by the Secretary as part of Fort Sumter National Monument, subject to the laws and regulations applicable to such monument, and subject to the provisions of this Act.

SEC. 2. (a) With respect to the lands, including submerged lands, and interests in lands acquired pursuant to the first section of this Act, the Secretary is authorized—

(1) to convey, notwithstanding the provisions of section 5 of Public Law 90-400 (82 Stat. 356) and subject to the provisions of subsection (b), a leasehold interest is not to exceed one and a half acres to the State of South Carolina or the city of Charleston or either of them for development by either of them or their agents or lessees of a marine museum and associated administrative facilities;

(2) to grant convenants or easements for ingress, egress, and vehicular parking to the State of South Carolina, the city of Charleston, and to other parties as the Secretary may deem necessary to facilitate public use; and

(3) to enter into cooperative agreements with the State of South Carolina, the city of Charleston, and other parties as the Secretary may deem necessary, pursuant to which construction, maintenance, and use of buildings, utilities, parking facilities, and other improvements may be shared among the parties to the agreement.

(b) Any conveyance made pursuant to subsection (a)(1) and any renewal thereof may be for a period of up to 50 years, and may include the option to purchase the property in fee by the lessee within the first 10 years, upon payment by the lessee of the cost of the property to the United States plus interest based on the average yield of United States Treasury notes with maturities of one year. The Secretary may convey title to the property in fee in the event such option to purchase is exercised, subject to the condition that the property is used for a public marine museum and associated administrative facilities. Notwithstanding any other provision of law, any leasehold interest conveyed pursuant to subsection (a)(1) shall be conveyed without monetary consideration. The proceeds from any conveyance of property in fee pursuant to subsection (a)(1) shall be deposited in the Land and Water Conservation Fund in the Treasury of the United States.

SEC. 3. Section 117 of Public Law 96-199 (94 Stat. 71) is hereby repealed.

SEC. 4. (a) Notwithstanding any other provision of law, sums heretofore appropriated but not, on the date of enactment of this Act, obligated for construction of a tourboat facility at the Broad Street site, and for the acquisition and construction of the Fleet landing site for Fort Sumter National Monument, which was authorized by section 117 of Public Law 96-199 (94 Stat. 71) are hereby made available for obligation for the acquisition of the lands including submerged lands, and interests in lands identified in the first section of this Act and for construction of necessary facilities thereon, and to the extent that sums heretofore appropriated for land acquisition of the Fleet landing site are not sufficient to cover the cost of acquisition of the properties identified in the first section of this Act, sums heretofore appropriated for construction of facilities at the Broad Street site and the Fleet landing site may be obligated for the purposes of acquisition as authorized in the first section of this Act.

(b) In addition to the sums made available under subsection (a), there is authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

● Mr. HOLLINGS. Mr. President, it is my pleasure to join my senior colleague in submitting this bill to the Senate that will grant the necessary legislative authority to the agreement worked out by the National Park Service, the city of Charleston, and the operator of the Fort Sumter tourboat with regard to location of the dock for the tourboat. Now that we have finally secured agreement among the three parties I urge the Committee on Energy and Natural Resources to move quickly on this bill, as the situation in Charleston has become critical since the present tourboat dock lies close by the impending construction of the new James Island Bridge.

In 1976, after it was determined that the tourboat should be moved from the city marina to a better location I secured the appropriation of $5,581,000 for a new dock. In 1978 we had to enact a rider to that appropriation due to a dispute with the National Park Service who had proposed a Broad Street location of the facility. The city of Charleston preferred another location in connection with the development of new tourism facilities. In late 1982 we provided $368,000 to acquire the Fleet Landing site. Later that year the city and the Park Service came to agreement on utilizing the former Fleet Landing site and Congress enacted my amendment which became part of Public Law 96-199 which authorized the purchase of the Fleet Landing site.

However, the operator of the tourboats was not part of that agreement and in the ensuing years have seen several additional sites proposed and rejected by the various parties. Finally they have now all come to agreement on a site adjacent to the Dockside II condominiums development.

Not only do we have the various parties in agreement, but as sometimes happens when things are delayed, we have a better location for the tourboat facility. Furthermore we will have a superior project in that it will be contigious to a proposed city marine science museum, or aquarium and a restaurant that will provide a more enjoyable visit to the thousands of per-

sons who visit Fort Sumter each year. The new site is much more accessible to the highways serving Charleston and will provide sufficient parking for cars and busses. In addition the city will provide shuttle service to historic Charleston and Cooper River location will enable the tourboats to stop at Patriots Point. The concept and location for the new facility has been widely discussed and endorsed by the local media, citizens committees and preservation groups.

Mr. President, this facility is not new to the distinguished chairman of the Committee on Energy and Natural Resources, Mr. MCCLURE. He also serves as the chairman of our Interior Appropriations Subcommittee and has been of great assistance when the administration has sought to reprogram the funds for the dock to fix the roof on Union Station. He has been most patient while this agreement was worked out. Now we must prevail on him once again for expedited processing of this bill due to the situation mentioned earlier with regard to the present facility. With my senior colleague I stand ready to provide whatever information the committee may require. If a hearing is required I am ready to testify as are the mayor of Charleston, the Honorable Joseph P. Riley, Jr., who worked so hard to bring about this agreement, and the tourboat operator Mr. George E. Campsen, Jr.●

Mr. HATCH (for himself and Mr. KENNEDY):

S. 2536. A bill to provide for block grants to States to pay the costs of immunosuppressive drugs for organ transplant patients; to the Committee on Labor and Human Resources.

IMMUNOSUPPRESSIVE DRUG THERAPY ACT

● Mr. HATCH. Mr. President, last year there were approximately 7,000 kidney, 350 heart, and 350 liver transplant operations performed in this country. New immunosuppressive drugs have led to remarkable increases in the success of these transplant operations. But one quarter of those who need transplants have no insurance coverage for immunosuppressive drugs. Without access to these expensive new medications, they have no hope of successfully sustaining a transplantation.

The Federal Government has already made the decision to cover both renal dialysis and kidney transplantations through the End Stage Renal Disease [ESRD] Program. This is paid for from the Medicare trust fund. It has been estimated that the cost per year of dialysis is between $18,000 and $25,000 while a successful kidney transplant cost $25,000 to $35,000 the first year, $6,000 the second year, $4,800 the third year, and $2,900 the fourth year. I am not a math wiz, but according to my calculations transplantation for persons needing dialysis represents potential savings of $30,000 to $60,000 per patient over a 5-year period.

Mr. President, with that kind of savings within reach, it is just plain common sense to establish Federal funding for immunosuppressive drugs for those patients who are eligible for organ transplants under Medicare and Medicaid. And in fact, the Federal Task Force on Organ Transplantation, in their October 1985 report to the Secretary and the Congress on Immunosuppressive therapies, recommended doing just that. And today, I am pleased to introduce legislation to accomplish that.

This bill addresses the lack of funding for immunosuppressive drugs in two ways: First, it amends Medicaid to encourage States which have not added coverage for immunosuppressive drugs, to do so. Second, it establishes a grant to the States for immunosuppressive drugs. This grant will be funded at the level of $15 million a year for 3 years—enough to pay for the immunosuppressive drugs of more than 2,000 transplant patients a year. This money may be used only for those patients who have no private insurance and are not eligible for Medicaid.

Mr. President, I am well aware that programs in the past have started with small appropriations, then grown rapidly. But, I'm not concerned about that happening here for two reasons.

First, this bill requires the Secretary of Health and Human Services to report to Congress 2 years after the implementation of the grant. This report is to contain recommendations on whether or not to continue the program, and if so at what funding level, along with an analysis of its cost effectiveness.

Second, this bill is aimed at reigning in one of these fast growing programs. The ESRD Program has grown from a $200 million a year program to over $2 billion a year in just over 10 years. Again, since we have already made the decision to pay for dialysis and transplantation and transplantation is the more cost-effective option, support for immunosuppressive drugs for those who can't afford them only makes sense.

I am well aware that insufficient funding for immunosuppressive drugs is just one factor preventing the expansion of the transplant program. Just as important is the shortage of suitable organs for transplantation. But, the Task Force on Organ Transplantation has reviewed this area and made recommendations in its report. As chairman of the Labor and Human Resources Committee, I will hold hearings tomorrow to review their recommendations and will then evaluate the need for additional legislation to address that need.

In the meantime, this bill represents a modest, cautious method of removing one roadblock to more transplants—and a source of savings for the Federal Government at a time when we could use a lot of those. But beyond that, it represents a chance for a whole group of people who now find themselves chained to a piece of machinery in order to continue their existence, to be more productive, contributing members of society.

It is for the sake of these people that I encourage my colleagues to join me and support this legislation.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2536

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Immunosuppressive Drug Therapy Act of 1986".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) new immunosuppressive drug therapies have made cadaver organ transplants increasingly successful;

(2) approximately 25 percent of individuals needing organ transplants have no private insurance coverage for immunosuppressive drugs and are not eligible for coverage for such drugs under the Medicaid program;

(3) the use of immunosuppressive drug therapy could result in savings in medical costs, since—

(A) the cost of hemodialysis is between $18,000 and $25,000 per patient per year;

(B) the cost of immunosuppressive drug therapy is between $5,000 and $7,000 per patient during the first year of therapy; and

(C) the cost of a successful renal transplant is between $25,000 and $35,000 per patient during the year in which the transplant is performed, $6,000 per patient during the first year after the year in which the transplant is performed, $4,800 per patient during the second year after the year in which the transplant is performed, and $2,900 per patient in the third year after the year in which the transplant is performed; and

(4) under the Medicaid program, 43 States and the District of Columbia provide coverage for immunosuppressive drug therapy.

ESTABLISHMENT OF BLOCK GRANT PROGRAM

SEC. 3. Title XIX of the Public Health Service Act is amended by adding at the end thereof the following new part:

"PART C—IMMUNOSUPPRESSIVE DRUG THERAPY BLOCK GRANT

"DEFINITIONS

"SEC. 1921. For purposes of this part—

"(1) the term 'eligible patient' means an organ transplant patient who is not eligible to receive reimbursement for the total cost of immunosuppressive drug therapy under title XVIII of the Social Security Act, under the State's medicaid plan under title XIX of such Act, or under private insurance;

"(2) the term 'immunosuppressive drug therapy' means drugs and biologicals which are to be used for the purpose of preventing the rejection of transplanted organs and tis-

sues and which can be administered by the transplant patient; and

"(3) the term 'transplant center' means a transplant center certified by a State under the laws and regulations of such State.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1922. For the purpose of allotments to States to carry out this part, there are authorized to be appropriated $15,000,000 for each of the fiscal years 1987, 1988, and 1989.

"ALLOTMENTS

"SEC. 1923. (a)(1)(A) From amounts appropriated under section 1922 for each of the fiscal years 1987 and 1988, the Secretary shall allot to each State an amount which bears the same ratio to the total amount appropriated under such section for such fiscal year as the number of individuals having end-stage renal disease in the State in the immediately preceding fiscal year bears to the total number of such individuals in the United States in such preceding fiscal year (as determined by the Secretary), except as provided in paragraph (2).

"(B) From amounts appropriated under section 1922 for fiscal year 1989, the Secretary shall allot to each State an amount which bears the same ratio to the total amount appropriated under such section for such fiscal year as the total number of eligible patients in the State bears to the total number of eligible patients in the United States.

"(2) Notwithstanding paragraph (1), the allotment of any State in any fiscal year under this subsection shall not be less than $50,000. If, under paragraph (1), the allotment of any State in any fiscal year will be less than $50,000, the Secretary shall increase the allotment of such State to $50,000 and shall proportionately reduce the allotments of all other States whose allotment exceeds $50,000 in a manner that will insure that the allotment of each State in such fiscal year is at least $50,000.

"(b) To the extent that all the funds appropriated under section 1922 for a fiscal year and available for allotment in such fiscal year are not otherwise allotted to States because—

"(1) one or more States have not submitted an application or description of activities in accordance with section 1926 for such fiscal year;

"(2) one or more States have notified the Secretary that they do not intend to use the full amount of their allotment; or

"(3) some State allotments are offset or repaid under section 1906(b)(3) (as such section applies to this part pursuant to section 1926(d));

such excess shall be allotted among each of the remaining States in proportion to the amount otherwise allotted to such States for such fiscal year without regard to this subsection.

"PAYMENTS UNDER ALLOTMENTS TO STATES

"SEC. 1924. (a) For each fiscal year, the Secretary shall make payments, as provided by section 6503(a) of title 31, United States Code, to each State from its allotments under section 1923 from amounts appropriated for that fiscal year.

"(b) Any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available for the next fiscal year to such State for the purposes for which it was made.

"USE OF ALLOTMENTS

"SEC. 1925. (a)(1) Except as provided in subsections (b) and (c), amounts paid to a State under section 1924 from its allotment under section 1923 for any fiscal year shall be used by the State to provide immunosuppressive drug therapy for eligible patients.

"(2) A State may use amounts paid to the State under section 1924 from its allotment under section 1923 to provide immunosuppressive drug therapy for eligible patients—

"(A) by purchasing the drugs and biologicals for such therapy and distributing such drugs and biologicals to transplant centers or eligible patients;

"(B) by certifying that an individual is an eligible patient for purposes of this part and by reimbursing a transplant center for the costs of immunosuppressive drug therapy provided by such center to such individual;

"(C) by any other method prescribed by the Secretary by regulation (other than the method described in subsection (b)(1)).

"(3) A State may require an eligible patient to whom immunosuppressive drug therapy is provided with amounts paid to the State under this part to make copayments for part of the costs of such therapy, without regard to section 1916 of the Social Security Act.

"(b) A State may not use amounts paid to it under section 1924 to—

"(1) make direct payments to organ transplant patients; or

"(2) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds.

"(c) Not more than 10 percent of the total amount paid to any State under section 1924 from its allotment under section 1923 for any fiscal year may be used for administering the funds made available under section 1924. The State will pay from non-Federal sources the remaining costs of administering such funds.

"APPLICATION AND DESCRIPTION OF ACTIVITIES; REQUIREMENTS

"SEC. 1926. (a) In order to receive an allotment for a fiscal year under section 1923, each State shall submit an application to the Secretary. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the State will meet the requirements of subsection (b).

"(b) As part of the annual application required by subsection (a), the chief executive officer of each State shall—

"(1) certify that the State agrees to use the funds allotted to the State under section 1923 in accordance with the requirements of this part;

"(2) agrees to cooperate with Federal investigations undertaken in accordance with section 1907 (as such section applies to this part pursuant to subsection (d) of this section); and

"(3) certify that the State agrees that Federal funds made available under section 1924 for any period will be so used as to supplement and increase the level of State, local, and other non-Federal funds that would in the absence of such Federal funds be made available for the activities for which funds are provided under that section and will in no event supplant such State, local, and other non-Federal funds.

The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

"(c) The chief executive officer of a State shall, as part of the application required by subsection (a), also prepare and furnish the Secretary (in accordance with such form as the Secretary shall provide) with a description of the intended use of the payments the State will receive under section 1924 for the fiscal year for which the application is submitted, including information on the programs and activities to be supported. The description shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in the programs and activities assisted by the State under this part, and any revision shall be subject to the requirements of the preceding sentence.

"(d) Except where inconsistent with the provisions of this part, the provisions of section 1903(b), section 1906(a), paragraphs (1) through (5) of section 1906(b), and sections 1907, 1908, and 1909 shall apply to this part in the same manner as such provisions apply to part A of this title.

"(e) Each annual report submitted by a State to the Secretary under section 1906(a) (as such section applies to this part pursuant to subsection (d) of this section) with respect to its activities under this part shall contain—

"(1) a specification of the number of eligible patients in the State receiving immunosuppressive drug therapy with amounts paid to the State under this part;

"(2) a description of the amount of any copayment required by the State under section 1925(a)(3); and

"(3) a certification that amounts paid to the State under this part are being used in accordance with the provisions of this part.".

REPORT

SEC. 4. Within 24 months after the date of enactment of this Act, the Secretary of Health and Human Services shall prepare and transmit to the Congress a report concerning the impact of part C of title XIX of the Public Health Service Act (as added by section 3 of this Act). The report shall contain—

(1) a description of the effect of the program established under such part on organ transplants in the United States;

(2) an analysis of the effects of such program on the costs of organ transplants and renal dialysis;

(3) an analysis of the extent to which amounts paid to States under such part are used for purposes other than the purposes specified by such part, including an analysis of the extent to which drugs and biologicals purchased with such amounts are provided to individuals who are not eligible patients under such part; and

(4) such recommendations as the Secretary considers appropriate, including recommendations as to whether financial assistance under such program should be continued during fiscal years after fiscal year 1989.

MEDICAID PROVISION

SEC. 5. (a) Section 1902(a)(10) of the Social Security Act is amended in the matter following subparagraph (D)—

(1) by striking out "and" at the end of subclause (III) and inserting in lieu thereof a comma; and

(2) by inserting before the semicolon at the end thereof the following: ", and (V) the making available of immunosuppressive drug therapy (or immunosuppressive drugs) to individuals who have received organ transplants shall not, by reason of this paragraph (10), require the making available of

any other type of drug or the making available of any drugs for other individuals".

(h) The amendments made by subsection (a) shall apply to drugs furnished after the date of the enactment of this Act.●

● Mr. KENNEDY. Mr. President, I am pleased to join with my colleague, Senator HATCH, in introducing legislation to provide Federal funding for the cost of immunosuppressive drugs.

One of the key problems facing potential transplant recipients is the high cost of the most effective immunosuppressive drug, cyclosporine. The cost of a year's supply of this drug averages $5,000. For patients without private insurance or Medicaid coverage, the cost of this drug can be unaffordable. Medicare currently does not cover any outpatient drugs.

In the conference on the 1984 Organ Transplant Act, the conferees carefully considered whether or not to fund the cost of cyclosporine for patients whose insurance did not cover this cost. In the face of strong opposition from the administration, we decided not to establish a program of direct Federal funding at that time. In exchange for not funding immunosuppressive drugs through the 1984 act, we agreed that a recommendation on this subject should be the first responsibility of the organ transportation task force established by the legislation.

In October of 1985, the task force made a strong preliminary recommendation that immunosuppressive drugs should indeed be covered. That recommendation was reaffirmed in the final report of the task force that is now ready for publication.

I believe it is now time to fulfill that recommendation of the task force. The legislation we are introducing today establishes a modest program that will only cover the costs not met by private insurance or Medicaid. It will assure that no one will be denied the benefits of the most effective immunosuppressive drug available because of the ability to pay.

I am hopeful that this legislation will be promptly enacted. I intend to introduce, in the near future, additional legislation which will implement other important recommendations of the task force.●

By Mr. CRANSTON (for himself and Mr. MOYNIHAN):

S. 2537. A bill to protect and preserve the Federal interest and historic and natural features of the National Capital; to the Committee on Finance.

NATION'S CAPITAL PRESERVATION ACT

Mr. CRANSTON. Mr. President, I rise to speak about a matter that relates to taxation. It does not relate to an amendment that I or others would offer to the pending tax bill, but it is a matter that we believe should be dealt with by the Congress. I am delighted that Senator MOYNIHAN of New York is joining me as a cosponsor of the bill that we are together introducing, and I have been encouraged by a conversation that I had with the chairman of the Finance Committee, Senator PACKWOOD, who expressed deep interest in what we proposed, and assured me that there would be an opportunity for hearings on this matter.

This debate on tax reform provides Senator MOYNIHAN and me with an opportunity to suggest a way to raise revenue while protecting our Nation's capital, and our environment from esthetic pollution.

For a century and more, Washington's low skyline has been one of the treasures of the world.

To recognize it when it is shown on television or in motion pictures is a worldwide mark of political and esthetic literacy.

To love it is a hallmark of deepest patriotism.

To preserve it is a labor of respect and a high responsibility of national leadership.

So I am concerned and I am saddened by the plans of a developer to scar this majestic landscape, irrevocably.

A 52-story glass tower is to be built in the midst of the Washington panorama, nearly 200 feet higher than the Washington Monument, and 15 times more massive.

Soaring into the skyline on the Maryland side of the Potomac River just south of the Woodrow Wilson Bridge, it would loom on the horizon for miles, belittling the architectural tributes to Washington, Jefferson, and Lincoln.

It would set a new, sad standard for building heights in the Washington area.

And it would mar the plan for the Capital City Pierre L'Enfant meticulously created as "worthy of the Nation."

The new skyscraper also would be a threat to human life:

It would be an obstacle to safe landings for virtually all of the instrument approaches to two runways at National Airport. The Air Line Pilots Association has condemned the building as dangerous.

To proceed with this skyscraper is an act of sheer architectural arrogance.

There is not a building as high as the proposed PortAmerica Tower in 50 miles.

Rather than splendid in its uniqueness, the PortAmerica skyscraper will be so out of place as to be ludicrous.

This glass monster will dominate and demean the simple marble purity of Washington's historic monuments.

L'Enfant's Washington is a city of exquisite architectural humility.

Its clean and brisk design reflects reverence for space.

Structures complement one another in both intent and in proportion. Subtlety and nuance are everywhere and enduring.

Washington is a city in which sky and land and light and air are treated as partners in a landscape masterpiece.

Under the District of Columbia's zoning laws L'Enfant's design is not belittled or mocked by skyscrapers, but preserved with respect and with taste.

The National Capital region has seen much development in the past decade or two, and there will be more.

Perhaps the most alarming signal given by the PortAmerica skyscraper proposal is the threat it carries for buildings of similar and competing height throughout the area.

It is a fact of urban life that tall buildings beget tall buildings.

Once the trend is established, architects, developers, and urban planners find them hard to resist. Imagine the Washington monument literally encircled and dwarfed by skyscrapers.

What a tragedy if what the future holds for this enchanting Federal city is relegation to a few acres of land surrounded by a forest of tall buildings, like New York with its Central Park.

Why are the Senator from California and the Senator from New York so vitally interested in this issue?

The answer is that the integrity of the whole environment is of deep and compelling concern to me, to him, and, I trust, to others.

I will fight against the aesthetic pollution of our Capital just as I am fighting against the despoilment of the California coastline.

I am also deeply concerned for the safety of air travelers from all over the United States—California, New York, and elsewhere—and the world who come to Washington via National Airport.

The Air Line Pilots Association calls the PortAmerica building "a terrible idea that will disrupt an already complex approach and departure environment . . . and will certainly endanger not only the crews and passengers of aircraft but, very certainly, the people who inhabit the proposed structure."

For all those reasons, we are introducing legislation to suggest appropriate height limits for new construction within areas of the National Capital region that adjoin the District of Columbia and Mount Vernon, VA.

Our bill, the "Nation's Capital Preservation Act of 1986", would preserve and protect views to and from our historic monuments and buildings in Washington.

Based on studies and recommendations of such groups as the National Capital Planning Commission, our bill would preserve the shoreline esthetics of the Potomac River between Washington and Mount Vernon, and it would protect the vistas to and from

the magnificent setting of the Mount Vernon Mansion.

Enforcement consists of a Federal surtax to be established for new construction that exceeds the applicable height limits in the bill, to be paid at the rate of $1 million per foot.

If developers are callously intent upon damaging the Capital skyline, let them at least contribute to deficit reduction.

It is not our intent to interfere with zoning regulations which, quite properly, are matters for local action.

However, we are dealing here with a special situation involving a national treasure—the architectural integrity of our Capital.

Three height-limit areas would be designated in the bill: Area I comprises those areas of Virginia and Maryland immediately adjoining the District of Columbia west and south. Building heights in area I in excess of 180 feet above grade would be subject to the enforcement provisions of the act.

Area II comprises that area of Virginia and Maryland south of and adjoining area I and surrounding the Mount Vernon Mansion and containing the views and vistas that are the setting of George Washington's home. Building heights in area II in excess of 65 feet above grade would be subject to the enforcement provisions of the act.

Buildings in the remainder of the National Capital region in excess of 400 feet above grade—unless subject to the restrictions of Areas I or II or to the building restrictions of the District of Columbia—would be subject to the enforcement provisions of the act.

The bill allows full development but it ensures against pointless and excessive heights in the areas that clearly impact upon the visual integrity of the Nation's Capital.

Mr. President, L'Enfant's design for the Nation's Capital was an architectural prophecy of the great Nation that would emerge.

His European sense of design combined with George Washington's reverence for the American countryside to bring forth a plan for a grand city, unique in the world. Washington and Jefferson, too, were keenly aware of the potential for a green city composed around the Potomac and the Anacostia. The Capital would be a discreet gem set in a crown of spacious countryside and wilderness.

Two hundred years of planned evolution has remarkably encouraged and preserved the planners' vision: To view the Mall from the White House today is to see symbols of our Nation's heritage in a setting unmarred by overshadowing structures. No building on the horizon is so overpowering as to spoil the beauty of the setting or diminish the monuments' significance.

Now a single developer has the intention and the power to change all that. It is sad, Mr. President, and it is also unnecessary.

The project—PortAmerica, in Prince Georges County, MD—is a welcome and deserving boost to the economy of Prince Georges County and that of the entire metropolitan area. It can and should be built. But not with this 52-story intrusion on a landscape so loved the world over.

I invite Senators to consider the grave risk that is at hand for the National Capital we love. In the interest of the Nation and of the American people, and of our beloved national treasure, we must act.

Let me say that I am particularly delighted to be joined in this effort by my good friend and colleague, the distinguished Senator from New York. No one I know will be more eloquent and no one will be more informed in making the case for this move.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2537

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Nation's Capital Preservation Act of 1986".

SEC. 2. PURPOSES.

The purposes of this Act are to—

(1) protect and preserve views to and from the historic monuments and buildings in the Nation's Capital;

(2) protect and preserve scenic qualities along the shoreline of the Potomac River in the area between the Nation's Capital and Mount Vernon, Virginia; and

(3) protect the views and vistas to and from, and the setting of, the Mount Vernon mansion.

SEC. 3. CLOSE-IN URBAN ENVIRONMENT.

Any building erected, altered, or raised in Area I after the effective date of this Act, in any manner so as to be over 180 feet in height above grade at the highest part of the roof or parapet, shall be subject to section 4551 of the Internal Revenue Code of 1954.

SEC. 4. POTOMAC RIVER CORRIDOR.

Any building erected, altered, or raised in Area II after the effective date of this Act, in any manner so as to be over 65 feet in height above grade at the highest part of the roof or parapet, shall be subject to section 4551 of the Internal Revenue Code of 1954.

SEC. 5. BUILDINGS IN THE NATIONAL CAPITAL REGION.

Any building erected, altered, or raised in any manner so as to be over 400 feet above grade at any location within the National Capital Region (not otherwise subject to section 3 or 4 to the building restrictions of the District of Columbia), after the effective date of this Act, shall be subject to section 4551 of the Internal Revenue Code of 1954.

SEC. 6. ENFORCEMENT PROVISIONS.

(a) IN GENERAL.—Chapter 36 of subtitle D of the Internal Revenue Code of 1954 (relating to miscellaneous excise taxes) is amended by inserting before subchapter D the following new subchapter:

"SUBCHAPTER A—TAX ON CERTAIN BUILDINGS

"Sec. 4551. Imposition of tax.

"Sec. 4552. Cross reference.

"SEC. 4551. IMPOSITION OF TAX.

"(a) IN GENERAL.—There is hereby imposed on any building described in section 3, 4, or 5 of the Nation's Capital Preservation Act of 1986, a tax equal to the product of—

"(1) the amount of feet in excess of the height limitation in section 3, 4, or 5 of such Act (whichever is applicable), and

"(2) $1,000,000.

"(b) LIABILITY FOR TAX.—The tax imposed by subsection (a) shall be paid by the person responsible for erecting, altering, or raising such building.

"SEC. 4552. CROSS REFERENCE.

"For penalties and administrative provisions applicable to this subchapter, see subtitle F.".

(b) CLERICAL AMENDMENT.—The table of subchapters of chapter 36 of subtitle D of the Internal Revenue Code of 1954 is amended by inserting before the item relating to subchapter D the following new item:

"SUBCHAPTER A. TAX ON CERTAIN BUILDINGS.".

SEC. 7. DEFINITIONS.

For purposes of this Act—

(1) a building shall be considered erected, altered, or raised, as appropriate only if all Government approvals incident to the building, including but not limited to the necessary permits, have been granted, and actual construction of the building has commenced;

(2) the term "Area I" means the area beginning at the intersection of the boundaries of the District of Columbia, Virginia, and Maryland at Jones Point and running northeast along the District of Columbia-Maryland boundary to Wheeler Road;

thence southeast on Wheeler Road to Saint Barnabas Road;

thence southwest on Saint Barnabas Road to Livingston Road;

thence southwest on Livingston Road to Indian Head Highway (Maryland Route 210);

thence southwest along a line to the intersection of Oxon Hill and Foote Roads;

thence generally west on Foote Road and along a westward extension of Foote Road to the Potomac River shore at the mean high water mark;

thence generally west along a line projected across the Potomac River to the intersection of the Mount Vernon Memorial Highway and Belle Haven Road;

thence generally west on Belle Haven Road to Fort Hunt Road;

thence generally west along a line to the intersection of Kings Highway and Jefferson Davis Highway (U.S. Route 1);

thence generally north on Kings Highway to Telegraph Road.

thence northwest along a line to the intersection of Duke Street and Quaker Lane;

thence generally north on Quaker Lane to Shirley Highway (I-395);

thence northeast on Shirley Highway to Glebe Road;

thence northwest on Glebe Road to Pershing Drive;

thence northeast on Pershing Drive to Jackson Street;

thence generally north on Jackson Street to Wilson Boulevard and Kirkwood Drive;

thence generally north on Kirkwood Drive to Lee Highway (U.S. Route 29-211).

thence generally east on Lee Highway to Spout Run Parkway;

thence northeast on the north (westbound) roadway of Spout Run Parkway and an extension thereof to the District of Co-

lumbia-Virginia boundary along the west shore of the Potomac River;

thence generally south along the District of Columbia-Virginia boundary to the point of beginning;

(3) the term "Area II" means the area immediately south of and abutting Area I, beginning in Virginia at the intersection of Kings Highway and Jefferson Davis Highway (U.S. Route I) and running generally east along a line to the intersection of Belle Haven and Fort Hunt Road;

thence generally east on Belle Haven Road to the Mount Vernon Memorial Highway;

thence generally east along a line projected across the Potomac River to a point at the intersection of a westward extension of Foote Road and the east shore of the Potomac River at the high water mark;

thence generally east along a westward extension of Foote Road to Oxon Hill Road;

thence northeast along a line to the intersection of Livingston Road and Indian Head Highway (Maryland Route 210);

thence generally south and southwest on Indian Head Highway to an intersection with the east boundary of the U.S. Naval Facility at Indian Head Maryland;

thence generally west along a line projected across the Potomac River to the intersection of the Virginia-Maryland boundary and the boundary of Fairfax and Prince William Counties in Virginia;

thence generally north and northwest along the Fairfax County—Prince William County boundary to Jefferson Davis Highway (U.S. Route 1);

thence generally north and northeast along Jefferson Davis Highway to the point of beginning; and

(4) the term "National Capital Region" means the District of Columbia, Montgomery and Prince George's Counties in Maryland; Arlington, Fairfax, Loudoun, and Prince William Counties in Virginia and all cities in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area of such counties.

SEC. 8. EFFECTIVE DATE.

This Act shall take effect on June 10, 1986.

SECTION-BY-SECTION ANALYSIS

Section 1. Preamble.

Section 1 of the Act states that intent is to protect and preserve the federal interest and historic and natural features of the National Capital and designates the Act as the Nation's Capital Preservation Act of 1986."

Sec. 2. Purposes.

Section 2 of the Act sets forth the purposes of the bill.

Sec. 3. Close-In Urban Environment.

Section 3 of the Act sets forth height limitations within Area I.

Sec. 4. Potomac River Corridor.

Section 4 sets forth height limitations within Area II.

Sec. 5. Buildings in the National Capital Region.

Section 5 sets forth height limitations within National Capital Region areas not otherwise subject to the Act's height limitation.

Sec. 6 Enforcement Provisions.

Section 6 amends the Internal Revenue Code to establish a tax on building heights that exceed the limits specified in the Act.

Sec. 7. Definitions.

Section 7 sets forth definitions of what constitutes affected construction under the Act and sets forth geographical boundaries for the areas of height limitation.

Sec. 8. Effective date.

Section 8 establishes June 10, 1986, as the effective date of the Act.

Mr. MOYNIHAN. Mr. President, the Senator from California is generous in respect to his colleague, friend, and admirer but hardly too urgent and concerned about this matter.

Winston Churchill, when he spoke of rebuilding the House of Commons after the bombings in the Second World War, argued that it should be built exactly as it had previously existed, such that on the slow days there seemed to be adequate representation and also on clearly important occasions the House would be crowded. But he made the remark that we shape our buildings and our buildings shape us.

It is true equally of cities. In the city of Washington, it was intended to be.

As a New Yorker, I can speak with some feeling, on this matter. Mr. President, the capital originally was in New York and might still be there had Hamilton and Jefferson not reached their agreement on the Federal assumption of the Revolutionary War debts. The one condition which President Jefferson put on that was that the capital move to the banks of the Potomac which turned malarial in April such that any Congressman who lingered here until May might not be back in December.

There followed an extraordinary stroke of genius the choice of Pierre L'Enfant to design a capital where there was then only swamp and hills. It was a matter of great concern to George Washington and to Thomas Jefferson. Those men knew they were shaping a republic. They put into the city plan of Washington almost a diagram of the Constitution with connection between the Capitol and the White House along Pennsylvania Avenue.

Over the years, Congress has repeatedly intervened, as Presidents have done, to keep the program going.

It was one of Abraham Lincoln's great decisions in the Civil War to continue building the Capitol dome, asserting that Washington would remain the Capitol.

In the 1890's, it was planned that the Pennsylvania Railroad would put an enormous railroad station right in front of the Capitol. Well, in back of the Capitol, technically, because the Capitol faces east. It would be right on The Mall.

Headed by Senator McMillan, a commission was established but said;

No, that way leads to the Washington Monument. You do not put an emporium of commerce or whatever it would have been called however advanced between the Capitol and the Washington Monument and the President's House.

With the agreement of the then chairman of the Pennsylvania Railroad, the station was moved slightly to the north and a little bit to the east and became part of the extended Capitol grounds.

Over the years, while the L'Enfant plan was never quite finished, neither was any of this done that made it impossible to finish. When President Kennedy was inaugurated almost 25 years ago, almost the first thing he did was to speak to a member of his Cabinet, Arthur Goldberg, later Justice Goldberg, saying:

What are we going to do about the area between the Capitol and the White House? It is disappearing. The city is floating out Wisconsin Avenue. This area is vital. We cannot have the lights go off at night. If our Capitol is isolated and forgotten, something has changed in our constitutional arrangement.

The last thing President Kennedy said before he left Washington for Dallas was that when he got back he wanted a coffee hour with the congressional leaders to talk about the new plan for Pennsylvania Avenue.

For 25 years we have been working on that and we are just bringing it to the conclusion with Market Square. Many things have happened.

President Johnson carried on, President Nixon, President Ford, President Carter, President Reagan.

I say the street plan has been preserved in its essential integrity. It is a very complex interaction of triangles and vistas. The one thing L'Enfant could never envision was a 52-story building. That was beyond the technology of his time. But Congress has intervened in that regard as well.

At a time when the city government of Washington was entirely within the jurisdiction of this body, we set the building line for the city of Washington which makes it unique among the capitals of the world—unique. It happens that the Capitol building is the most recognized building in the world. No other building on Earth is recognized the world round as readily as our Capitol. Why? Because it stands on this Hill where Washington, with L'Enfant, planned it.

It stands as the symbol of the Government and its Constitution and it is not encroached on in any way; it is only embellished in its surroundings.

We have already begun to see the degree to which, even from a distance, the magnificent simplicity of this city, can be encroached on by the glass boxes in Rosslyn—across the river, already compromising the fact of this city's specialness, its uniqueness to us and to the world. Are we now to see, a few miles south of us, this gross proud tower, this arrogant building, go up for no purpose save to draw attention to itself and away from the dignity and sovereignty of the American Capitol—it has no commercial purpose save to call attention to itself and away from this building. If we are to

let that happen, what will generations hence say of us?

There is hardly a more revered man in the history of this body than Senator McMillan for saving The Mall or for the great architect he engaged who said at the time, "Make no small plans. Small plans do not have the capacity to seize man's imagination."

He said, let us build it as L'Enfant and Washington and Jefferson would want it.

Jefferson anonymously submitted a design for the White House which was chosen by a competition. He lost and never said a word. He knew that this city was not just a place to house the Government; it was to be a statement of what the Government would be like. And it has been that and it ought to continue to be that.

This legislation in which I join, has been introduced by the Senator from California, who is just as fierce in his defense of the California coast as he is of the American Capitol—and right in both regards—this is the thing to do. Now is the time to do it. The only question remains, should The Mall be a million dollars a foot per year, or per month, or what interval? It is obviously a question for a hearing.

I see our distinguished chairman is on the floor. Perhaps he might want to comment.

Mr. CRANSTON. May I first say, Mr. President, that I am overwhelmed with admiration for the Senator from New York and his ability to extemporize so beautifully and so knowledgeably and with such great understanding on this matter. He will be a wonderful colleague in reference to seeing to it that we achieve our goal. I thank the Senator from the bottom of my heart.

I am delightful that the chairman of the Committee on Finance is here. As I stated from the outset, it is not our intention to try to move this idea on to the tax bill. It has enough burdens already. In all fairness and in order to explore this matter in a proper way, there should be hearings before the Finance Committee when the Finance Committee is relieved of its present responsibilities. I should be delighted if we could have whatever word the distinguished chairman of that committee is willing to give at this time.

Mr. PACKWOOD. Mr. President, let me say I hope we will be relieved of our responsibilities on this tax bill sooner rather than later.

I want to compliment both Senators. There are few things more tranquil than flying back into Washington, even if you have done it several times and even if you are coming back from a tiring and long trip, to bank over the river and look down and see the Capitol, see the Monument, see the Jefferson Memorial and the Lincoln Memorial. It gives a sense of permanence, of stability, of tranquility, that you cannot get from flying into any other town in this country; indeed, I would say any other town in this world.

For those who are thinking of building the PortAmerica Building, I want them to know and I say this seriously, that I am very receptive to holding hearings. That is not said in a way we often do on this floor to fend off amendments: "I will grant you a hearing, Senator CRANSTON," and Senator CRANSTON says, "That is fine and I will pull my amendment down."

I want those who want to build this building to be on notice as of today that I am interested in holding hearings and will hold hearings, and I want it to be very clear that if we were to pass such a bill, the bill would be constitutional. I do not want any of them to come to us 5 or 6 or 8 months from now when their plans are a bit farther along saying that this bill would be unfair because it is retroactive. From this day forward, it will not be retroactive. I am talking about it today, I am serious about it today, and I am delighted the two Senators have come up with this cogent idea, trying to keep one of the last pastoral capitals that exists in the world today.

Mr. CRANSTON. I thank the distinguished chairman of the committee. That is tremendously helpful, tremendously constructive, I am deeply grateful.

Mr. President, I send our amendment to the desk, along with a section-by-section analysis. I ask unanimous consent that both be printed in the RECORD.

The PRESIDING OFFICER. Does the Senator send a bill for introduction or an amendment?

Mr. CRANSTON. It is the bill I am introducing.

The PRESIDING OFFICER. Without objection, the bill will be received and appropriately referred.

By Mr. WARNER (for himself, Mr. LAXALT, Mr. INOUYE, Mr. WILSON, and Mr. TRIBLE):

S. 2539. A bill to consolidate and improve provisions of law relating to absentee registration and voting in elections for Federal office by members of the uniformed services and citizens of the United States who reside overseas; to the Committee on Rules and Administration.

UNIFORMED AND OVERSEAS CITIZENS ABSENTEE VOTING ACT

Mr. WARNER. Mr. President, I rise today to introduce the Uniformed and Overseas Citizens Absentee Voting Act, a bill which addresses one of the central concerns of our democracy: The right to vote. Senator LAXALT, Senator WILSON, Senator TRIBLE, and Senator INOUYE have joined with me in sponsoring this important legislation. For most Americans, the right to vote is usually exercised through a trip to a local school, or to the fire station or to a special polling place set up at a convenient location in our neighborhoods. But for members of our Armed Forces or the Foreign Service who are serving away from home, or for Americans who are working abroad, that right must be exercised by the absentee ballot. Twice before, in the Federal Voting Assistance Act of 1955 and the Overseas Citizens Voting Rights Act of 1975, the Congress has acted to ensure that our soldiers, sailors, diplomats, and businessmen did not lose their right to vote while they were representing us all in foreign lands. The Federal postcard application [FPCA], a postage-free card used to request absentee ballots, has therefore become a familiar feature in our Embassies and our military installations abroad, where it has been used by a generation of Americans eager to exercise their right to vote.

And yet problems with absentee voting remain. For one thing, mail service is always a problem for the quarter of a million sailors and marines who serve on sea duty at any given time—especially if they are in a submarine or on a detached cruise on one of our smaller vessels. Our soldiers and airmen stationed overseas are generally assigned to fixed bases, yet they are often away from those bases for weeks or even months at a time while on maneuvers or temporary duty assignments. Another problem has to do with our State and local voting procedures, which are often encumbered with legal or technical challenges that prevent the timely printing and distribution of absentee ballots. The result is that, in too many instances, absentee ballots either arrive too late or do not arrive at all—effectively disenfranchising those who serve our democracy at its forward outposts. The search for a solution to these problems has also been undertaken by the House of Representatives under the leadership of Representatives AL SWIFT and BILL DICKINSON. They, and almost a hundred of their colleagues, have sponsored a bill, H.R. 4393, which provides a commonsense solution to the problem of involuntary absentee voter disenfranchisement. Its provisions are simple, but the main one is this: Through the same sources by which the Federal postcard application is now distributed, voters who fail to receive their absentee ballots in time will be able to use a special write-in ballot which will allow them to vote for President, Vice President, Senator, and Representative. The mechanics of this proposal have been throughly explored by Congressman SWIFT's Subcommittee on Election, and have been made available to us, so that the bill which Senator LAXALT, Senator WILSON, Senator TRIBLE, Senator INOUYE, and I are introducing today closely parallels H.R. 4393.

The final point that I want to make in introducing this bill is that we need to act on it swiftly. It is a commonsense, simple solution on which most of the basic research and hard work has already been done. Above all, we need to join our House colleagues in enacting this bill into law during the present session. My distinguished colleagues, the Senators from Nevada and Hawaii join me in asking you to support that effort.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2539

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Uniformed and Overseas Citizens Absentee Voting Act".

SEC. 2. ABSENTEE REGISTRATION AND VOTING BY MEMBERS OF UNIFORMED SERVICES AND THEIR DEPENDENTS, AND BY OVERSEAS VOTERS.

Each State shall provide by law, with respect to elections for Federal office, for—

(1) absentee registration and absentee voting for uniformed services voters and overseas voters; and

(2) use of alternative write-in absentee ballots by overseas voters when State absentee ballots are not available.

SEC. 3. FEDERAL RESPONSIBILITIES.

(a) RESPONSIBILITIES OF PRESIDENTIAL DESIGNEE.—The President shall designate the head of an executive department to have primary responsibility for administration of Federal functions under this Act. The Presidential designee shall, with respect to uniformed services voters and overseas voters in elections for Federal office—

(1) consult State and local election officials in carrying out this Act;

(2) prescribe an official post card form containing both a voter registration application and an absentee ballot application;

(3) prescribe an alternative write-in ballot for use by overseas voters;

(4) prescribe suggested forms and designs for absentee ballots and for envelopes to be used for mailing balloting materials under this Act;

(5) compile and distribute (A) descriptive material on State absentee registration and voting procedures, and (B) to the greatest extent practicable, facts relating to specific elections, including election dates, offices involved, and the text of proposed constitutional amendments and other ballot questions; and

(6) in the year immediately following a Presidential election year, transmit to the President and the Congress a report of the effectiveness of assistance under this Act, including a statistical analysis of absentee voter participation under this Act, and a description of State-Federal cooperation.

(b) RESPONSIBILITIES OF OTHER FEDERAL OFFICIALS.—

(1) IN GENERAL.—The head of each Government department or agency shall, upon request of the Presidential designee, distribute balloting materials and otherwise cooperate in carrying out this Act.

(2) ADMINISTRATOR OF GENERAL SERVICES.—The Administrator of General Services shall furnish official post cards and Federal write-in absentee ballots as directed by the Presidential designee.

SEC. 4. RECOMMENDATIONS TO THE STATES.

To afford maximum access to the polls by uniformed services voters and overseas voters, it is recommended that the States—

(1) use the official post card as a simultaneous voter registration application and absentee ballot application;

(2) waive registration requirements for absent uniformed services voters and overseas voters who, by reason of service or residence, do not have an opportunity to register;

(3) if an application other than an official post card is required for absentee registration, provide that registration forms be sent with the absentee ballot and may be returned with it;

(4) expedite processing of balloting materials with respect to uniformed services voters and overseas voters;

(5) permit any oath required for a document under this Act to be administered by a commissioned officer of the Armed Forces or any official authorized to administer oaths under Federal law or the law of the State or other place where the oath is administered;

(6) assure that absentee ballots are mailed to uniformed services voters and overseas voters at the earliest opportunity;

(7) assist the Presidential designee in compiling statistical and other information relating to this Act; and

(8) provide late registration procedures for persons who are separated from the Armed Forces too late to register to vote in the first election held after such separation.

SEC. 5. FEDERAL AND STATE WRITE-IN ABSENTEE BALLOTS FOR OVERSEAS VOTERS.

(a) FEDERAL WRITE-IN ABSENTEE BALLOT.—The Presidential designee shall prescribe a Federal write-in absentee ballot (together with a secrecy envelope and mailing envelope for such ballot) for use by overseas voters who make timely application for, and do not receive, State absentee ballots. A Federal write-in absentee ballot shall be submitted and processed in the manner provided by law for absentee ballots in the State involved. An overseas voter who submits a Federal write/in absentee ballot and later receives a State absentee ballot, may submit the State absentee ballot. A Federal write-in absentee ballot of an overseas voter shall not be counted—

(1) if the application of the voter for a State absentee ballot is received by the appropriate State election official less than 30 days before the election; or

(2) if a State absentee ballot of the voter is received by the appropriate State election official not later than the deadline for receipt under State law.

(b) USE OF APPROVED STATE WRITE-IN ABSENTEE BALLOT IN PLACE OF FEDERAL WRITE-IN ABSENTEE BALLOT.—The Federal write-in absentee ballot prescribed under subsection (a) shall not be valid for use in an election if the State involved provides a State write-in absentee ballot that—

(1) at the request of the State, is approved by the Presidential designee for use in place of the Federal write-in absentee ballot; and

(2) is made available to voters at least 92 days before the election.

SEC. 6. ENFORCEMENT.

The Attorney General may bring a civil action in an appropriate district court for such declaratory or injunctive relief as may be necessary to carry out this Act.

SEC. 7. DEFINITIONS.

As used in sections 1 through 6:

(1) The term "election" means a general, special, primary, or runoff election.

(2) The term "Federal office" means the office of President or Vice President, or of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress.

(3) The term "uniformed services" means the Army, Navy, Air Force, Marine Corps, and Coast Guard, the commissioned corps of the Public Health Service, and the commissioned corps of the National Oceanic and Atmospheric Administration.

(4) The term "member of the merchant marine" means an individual (other than a member of a uniformed service or an individual employed, enrolled, or maintained on the great Lakes or the inland waterways of the United States—

(A) employed as an officer or crew member of a vessel documented under the laws of the United States, or a vessel owned by the United States, or a vessel of foreign-flag registry under charter to or control of the United States; or

(B) enrolled with the United States for employment or training for employment, or maintained by the United States for emergency relief service, as an officer or crew member of any such vessel.

(5) The term "State" means a State of the United States, the district of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and American Samoa.

(6) The term "United States", where used in the territorial sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and American Samoa.

(7) The term "Official post card" means a post card form prescribed under section 3.

(8) The term "balloting materials" means official post cards, Federal write-in absentee ballots, and any State balloting materials that, as determined by the Presidential designee, are essential to the carrying out ot this Act.

(9) The term "absent uniformed services voter" means—

(A) a member of a uniformed service on active duty who, by reason of such active duty, is absent from the place of residence where the member is otherwise qualified to vote;

(B) a member of the merchant marine, is absent from the place of residence where the member is otherwise qualified to vote; and

(C) a spouse or dependent of a member referred to in subparagraph (A) or (B) who, by reason of the active duty or service of the member, is absent from the place of residence where the spouse or dependent is otherwise qualified to vote.

(10) The term "overseas voter" means—

(A) an absent uniformed services voter who, by reason of active duty or service (as the case may be) is absent from the United States on the date of the election involved; or

(B) a person who resides outside the United States and is qualified to vote in the last place in which the person was domiciled before leaving the United States; or

(C) a person who resides outside the United States and (but for such residence) would be qualified to vote in the last place in which the person was domiciled before leaving the United States.

(11) The term "Federal write-in absentee ballot" means a ballot prescribed under section 5.

SEC. 8. EFFECT ON CERTAIN OTHER LAWS.

The exercise of any right under this Act shall not affect the residence or domicile of a person exercising such right, for purposes of any Federal, State, or local tax.

SEC. 9. AMENDMENTS OF TITLE 39, UNITED STATES CODE.

(a) IN GENERAL.—Chapter 34 of title 39, United States Code, is amended by adding at the end the following new section:

"§ 3406. Balloting materials under the Uniformed and Overseas Citizens Absentee Voting Act

"(a) Balloting materials under the Uniformed and Overseas Citizens Absentee Voting Act (individually or in bulk)—

"(1) shall be carried expeditiously and free of postage; and

"(2) may be mailed at a post office established outside the United States under section 406 of this title, unless such mailing is prohibited by treaty or other international agreement of the United States.

"(b) As used in this section, the term 'balloting materials' has the meaning given that term in section 7(9) of the Uniformed and Overseas Citizens Absentee Voting Act.".

(b) TECHNICAL AMENDMENTS.—

(1) The table of sections for chapter 34 of title 39, United States Code, is amended by adding at the end the following new item:

"3406. Balloting materials under the Uniformed and Overseas Citizens Absentee Voting Act.".

(2) The first sentence of section 2401(c) of title 39, United States Code, is amended—

(A) by striking out "3405" and inserting in lieu thereof "3406"; and

(B) by striking out "the Overseas Citizens Voting Rights Act of 1975, and the Federal Voting Assistance Act of 1955".

(3) Section 3627 of title 39, United States Code, is amended—

(A) by striking out "3405" and inserting in lieu thereof "3406"; and

(B) by striking out "under the Federal Voting Assistance Act of 1955, or under the Overseas Citizens Voting Rights Act of 1975".

(4) Section 3684 of title 39, United States Code, is amended by striking out ", or of the Federal Voting Assistance Act of 1955".

SEC. 10. AMENDMENTS TO TITLE 18, UNITED STATES CODE.

(a) IN GENERAL.—Chapter 29 of title 18, United States Code, is amended by adding at the end of the following:

"§ 608. Absent uniformed services voters and overseas voters

"(a) Whoever knowingly deprives or attempts to deprive any person of a right under the Uniformed and Overseas Citizens Absentee Voting Act shall be fined in accordance with this title or imprisoned not more than five years, or both.

"(b) Whoever knowingly gives false information for the purpose of establishing the eligibility of any person to register or vote under the Uniformed and Overseas Citizens Absentee Voting Act, or pays or offers to pay, or accepts payment for registering or voting under such Act shall be fined in accordance with this title or imprisoned not more than five years, or both.

"(c) Whoever, being a commissioned, noncommissioned, warrant, or petty officer in the Armed Forces (1) attempts to influence the vote of any member of the Armed Forces, or (2) requires any member of the Armed Forces to march to any polling place shall be fined in accordance with this title or imprisoned not more than five years. Nothing in this subsection shall prohibit free discussion regarding political issues or candidates for public office.".

(b) TECHNICAL AMENDMENT.—The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end the following:

"608. Absent uniformed services voters and overseas voters.".

SEC. 11. REPEALS.

The Federal Voting Assistance Act of 1955 (42 U.S.C. 1973cc et seq.) and the Overseas Citizens Voting Rights Act of 1975 (42 U.S.C. 1973dd et seq.) are repealed.

SEC. 12. EFFECTIVE DATE.

This Act and the amendments and repeals made by this Act shall apply with respect to elections taking place after December 31, 1987.

By Mr. GORE:

S. 2540. A bill to provide immunosuppressive drugs to organ transplant centers; to the Committee on Labor and Human Resources

PROVISION OF IMMUNOSUPPRESSIVE DRUGS TO ORGAN TRANSPLANT CENTERS

● Mr. GORE. Mr. President, this afternoon I am introducing legislation to provide immunosuppressive drugs that can save the lives of thousands of transplant patients.

Immunosuppressive drugs are the most dramatic advance in perhaps the most exciting field in modern medicine. Quite simply, immunosuppressive drugs make transplants work. Without the drugs, a transplant patient's body is likely to reject a new organ.

Unfortunately, immunosuppressive drugs are not cheap. Three years ago, in hearings on the transplant issue in the House, my committee found that many patients pass up a kidney transplant not because the operation is too expensive, since Medicare pays for the operation, but because they cannot afford the post-operative treatment. With Medicare refusing to pay for outpatient drugs, as many as 30 percent of those who need transplants forgo them. Others go through the operation, then must make do with ineffective substitutes for the most effective immunosuppressive drugs.

In fact, doctors often advise kidney patients who cannot afford immunosuppressive drugs not to have a transplant. These patients remain on dialysis because Medicare will pay for it. Over time, the Government ends up spending far more on dialysis than it would cost to provide each patient the transplant and access to immunosuppressive drugs.

This bill would require the Government to purchase immunosuppressive drugs and distribute them to transplant centers around the country that meet minimum standards to assure quality of care. The House backed this approach in 1984, by a vote of 396 to 6. It was left out of the National Organ Transplant Act in conference only because the administration and Senate conferees promised to abide by the recommendations of a transplant task force. After examining several proposals, the task force endorsed our approach last October. We are still waiting for the administration to keep its promise.

The task force specifically rejected the block grant approach that two of my colleagues have just proposed. By contrast, every major transplant group in the country has endorsed the approach outlined in the bill I am introducing today.

Mr. President, it just doesn't make any sense for Government to spend more to provide less—or to offer to save people's lives only to deny them what they need to go on living. It's time this administration took a close look at the tragedy of its transplant policy.●

By Mr. FORD:

S. 2541. A bill to require the insurance by the Department of Energy of a solicitation for coal utilization demonstration projects incorporating clean coal retrofit technologies; to the Committee on Energy and Natural Resources.

COAL RETROFIT SOLICITATION ACT

Mr. FORD. Mr. President, I am introducing today legislation that would require the Department of Energy to issue a notice of solicitation for clean coal technologies, aimed exclusively at emerging clean coal technologies that are suitable for retrofitting existing powerplants to permit them to burn coal more cleanly.

In the fiscal year 1986 continuing resolution, $400 million of the clean coal reserve was appropriated for the "construction and operation of facilities to demonstrate the feasibility for future commercial applications" of clean coal technologies. On February 17, 1986, DOE issued a program opportunity notice calling for submission of project proposals to demonstrate clean coal technology and which would be financed with the $400 million in available funds over 3 years. By April 18, 1986, the closing date for proposals, the Department had received 51 submissions, although I understand that 12 submissions were knocked out by the initial evaluation criteria.

Apparently, only about five of the proposals submitted involve clean coal technologies suitable for retrofitting existing powerplants.

In a hearing today before the Committee on Energy and Natural Resources we heard testimony on the various reasons why retrofit technology was not a prominent part of the submissions. Suffice it to say that several witnesses agreed there ought to be a second DOE notice of solicitation of statements of interest in projects devoted to demonstrating the emerging retrofit technologies. There appears to be widespread agreement that commercialization of retrofit technologies for emission control is essential.

Fossil fuel plants are being kept in service longer than many observers anticipated. Retrofit technology is therefore becoming increasingly important, but responses to the first DOE solicitation did not include many proposals for retrofit technologies. While there was a DOE solicitation issued on November 27, 1984, for statements of interest in clean coal technologies to which 175 proposals were submitted, there was a serious question about the availability of funding at that time. By making $400 million available for clean coal technology demonstration projects in the fiscal year 1985 continuing resolution, the Congress has shown its commitment to funding the Clean Coal Program. There are another $350 million in the clean coal reserve which can be appropriated for clean coal demonstration projects.

A second DOE solicitation aimed exclusively at clean coal retrofit technologies could focus greater attention and interest in the demonstration of these technologies and hopefully expedite their commercialization.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2541

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be referred to as the "Coal Retrofit Solicitation Act".

SEC. 2. FINDINGS.—The Congress finds that—

(a) it is estimated that 55,000 megawatts of coal-fired plants will exceed 40 years of age between now and the year 2000;

(b) it is estimated that it costs three times more today in constant dollars to install a kilowatt of new, conventional coal-fired electric generating capacity than in 1967;

(c) emerging coal technologies offer the possibility of reduced emissions not only from new powerplants but from existing powerplants through technology retrofits;

(d) for various reasons, relatively few proposals for retrofit technology were submitted in response to the Program Opportunity Notice issued by the Department of Energy on February 17, 1986, for clean coal technology demonstration projects;

(5) there is a wide array of emerging clean coal emission control technologies suitable for retrofitting existing powerplants, and demonstration of the application of these technologies will facilitate their widespread commercialization;

(f) commercial demonstration of clean coal technology is an essential element in our Nation's effort to reduce sulfur dioxide emissions from existing electric powerplants;

(g) the Clean Coal Technology Reserve has $350 million remaining which have not yet been made available for the clean coal technology program; and

(h) the Department of Energy should issue an additional solicitation to determine the interest in and proposals for projects employing clean coal emission control retrofit technologies which would be financed from the remaining funds in the Clean Coal Technology Reserve.

SEC. 3. The Secretary of Energy pursuant to the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577), shall

(a) No later than sixty days after the date of enactment of this Act, publish in the Federal Register a notice soliciting statements of interest in, and proposals for, projects employing emerging clean coal technologies for retrofit applications, which statements and proposals are to be submitted to the Secretary within ninety days after the publication of such notice; and

(b) No later than 75 days after the date by which statements and proposals must be submitted under subsection (a) submit a report to Congress that analyzes the information contained in such statements of interest and proposals, assesses the potential usefulness of each emerging clean coal technology for retrofit application for which a statement of interest or proposal has been received under this Act, and identifies the extent to which Federal incentives, including financial assistance provided from the $350 million contained in the Clean Coal Technology Reserve, will accelerate the commercial availability of these technologies.

By Mr. HEINZ (for himself, Mr. SIMON, Mr. ANDREWS, Mr. CHAFEE, Mr. CHILES, Mr. COCHRAN, Mr. DODD, Mr. DOLE, Mr. GRASSLEY, Mr. HATCH, Mrs. HAWKINS, Mr. KENNEDY, Mr. LAXALT, Mr. LAUTENBERG, Mr. MATSUNAGA, Mr. MCCLURE, Mr. NICKLES, Mr. PELL, Mr. PRESSLER, Mr. QUAYLE, Mr. SPECTER, Mr. STAFFORD, Mr. SYMMS, Mr. THURMOND, Mr. WALLOP, and Mr. WEICKER):

S.J. Res. 358. Joint resolution to designate the month of September 1986 as "Adult Literacy Awareness Month"; to the Committee on the Judiciary.

ADULT LITERACY AWARENESS MONTH

● Mr. HEINZ. Mr. President, I am pleased to introduce, on behalf of myself and Senator SIMON, and 24 of our colleagues, this joint resolution which would designate September 1986 as "Adult Literacy Awareness Month."

The problem of illiteracy in America poses a great challenge to our educational system. Federal studies estimate that as many as 23 million adult Americans are functionally illiterate and another 35 million are classified as semiliterate. Illiterate adults come from every community, from every economic class and from every type of background. 2.3 million adults are added to the ranks of the illiterate each year.

Literacy is the basis for all achievement in our society; illiteracy prevents individuals from reaching their full potential and seriously diminishes the potential of America.

Although illiteracy is often defined by a grade-level cut-off point, as in lacking reading and writing skills beyond the fourth grade, the concept of functional illiteracy is probably in wider use. It means lacking the reading, writing, comprehension and simple math skills necessary to function in a modern society beyond the most minimal level. The lack of these skills severely handicaps individuals in learning to develop new job skills and improve their condition in life.

While we have made tremendous efforts to eradicate illiteracy, the numbers clearly indicate that more emphasis on this national challenge is needed. For this reason I am pleased that so many of my colleagues have joined Senator SIMON and me in introducing this joint resolution. Only through continued focus on this problem can we reduce the widespread incidences of illiteracy.

As part of this effort to solve the illiteracy crisis facing our Nation, the newspaper, publishing, communications, advertising and television industries have all joined in a public awareness and information campaign entitled "Project Literacy U.S." or PLUS.

Three hundred seventeen public broadcasting stations and 212 stations affiliated with the ABC network will participate in an awareness campaign this fall. The exposure of the illiteracy problem through public service announcements will help to attract attention and further commitment to reduce the toll illiteracy takes on our country. These television stations will be joined by hundreds of newspapers and 70 major national organizations who have pledged to support PLUS at the local level and among their membership.

The goals of PLUS are to heighten national awareness and to increase local effort to provide help for illiterates. Through this public and private partnership, we can reduce the continuing problem of illiteracy in the United States.

I commend all those involved for their commitment to reducing illiteracy and I urge my colleagues to join us in this important effort.●

● Mr. SIMON. Mr. President, I'm pleased to join a bipartisan group of my colleagues today in the introduction of a joint resolution declaring September 1986 as "Literacy Awareness Month."

Unlike other resolutions, this measure is closely tied to actions which will be taken in September and for months thereafter not only to increase popular awareness of the problems of illiteracy, but which will provide services to help remediate adult illiteracy.

Estimates of adult illiterates and functional illiterates vary widely—from 23 million of our citizens up to 60 million who are unable to read and write well enough to function in today's economy and society. Whatever the true number, the scope of the problem is staggering. The cost in terms of unemployment, underemployment, crime and personal limita-

tions is unquantifiable but all estimates place it in the billions of dollars.

Our resolution is meant to be concurrent with a diverse private initiative involving the media, community groups, labor and business. ABC—TV has taken the lead to support a series of documentaries on the problem of illiteracy and will weave story lines into their daytime and primetime schedules highlighting the problem. ABC's 212 affiliate stations are committed to this initiative and are ensuring that there are community resources of both referral services and tutorial services to provide needed remediation for those who are illiterate or functionally illiterate and who might be reached by the electronic media. ABC radio stations and PBS, along with the print media are involved in focusing attention on the problem. Service and community groups along with local literacy councils and libraries have been recruited to provide the necessary follow up resources which will serve those millions of Americans who cannot function in our world of the printed word.

Illiteracy will not be cured with a resolution. I believe the Federal commitment must be increased, that States must become more involved and that the private sector must become a partner in providing solutions to the problem. We have seen beginnings of coordinated efforts, which I hope will lead to more time and money invested in our best resource—a literate citizenry.●

Mr. QUAYLE. Mr. President, I am very pleased to cosponsor this resolution to designate the month of September 1986 as "Adult Literacy Awareness Month." The problem of illiteracy in our Nation is a most serious one, and any efforts that can be taken to attract attention to the problem and help find solutions are most welcome.

The number of adult illiterates in our Nation is estimated to be about 25 million Americans. Precise calculations are very difficult to obtain, because so many people have developed alternative communications skills that cloak their illiteracy, while others are ashamed to admit to it. The problem of illiteracy can be invisible to many of us in our daily lives, and yet the fact that 1 in 10 Americans is illiterate compels us to be aware and get involved.

Efforts are ongoing to help reduce adult illiteracy in our country. The Federal Government funds the Adult Education Act to provide educational services to thousands of people aged 16 and over who lack basic reading and writing skills. The Government also is funding, for the first time, a new literacy initiative under the Library Services and Construction Act to use the resources of libraries to reach illiterate adults. The Department of Education and the White House have created a literacy initiative to focus attention on the problem also.

The private sector has done tremendous amounts of work to reduce illiteracy. Many businesses and companies have created their own tutorial projects with their employees as teachers that have been very successful. Community-based organizations have also been extremely effective at providing training for adult illiterates, and these programs are accessible through churches, colleges, schools, and community centers.

While there have been tremendous efforts made to eradicate illiteracy, there is still much to be done. The ongoing programs cannot reach every needy adult who lacks these basic skills, and many of the adults are unaware of the help they can receive if they so desire.

To help make more services accessible, to increase public awareness of the problem, and to let illiterate adults know that there is help available for them, my colleagues and I are supporting this resolution to designate September 1986 as "Adult Literacy Awareness Month."

As part of this effort, the print and electronic media have pledged their support and assistance to raise the awareness level of this program. The newspaper, publishing, communications, advertising, and television industries have all joined in a public awareness and information campaign entitled "Project Literacy U.S." [PLUS]; 317 public broadcasting stations and 212 stations affiliated with the ABC network will participate in this nationwide effort. The exposure of the problem through public service announcements on television should help enormously to attract attention and resources to solve the problem of illiteracy.

Mr. President, I am pleased to support this resolution and urge my colleagues to support it also. I am anxious to help solve the problem of illiteracy in our Nation, for it stands in the way of a full and productive life of too many of our citizens. The problem of illiteracy is too severe to ignore. Literacy is the basis for all other achievement in our society, and without literacy, we are not only preventing individuals from reaching their full potential, but we are seriously endangering the future of our Nation.●

● Mr. MATSUNAGA. Mr. President, it is out of great concern for the welfare and future of the approximately 27 million American citizens today who are considered to be functionally illiterate that I rise to speak in support of Senate Joint Resolution 358.

According to the joint resolution, hundreds of newspapers will focus on the problem of illiteracy beginning in September 1986; and they have even combined their efforts with those of a major broadcasting network in an awareness and information campaign called Project Literacy U.S. [PLUS] involving on-air programming in the same month. In addition, numerous and varied national organizations have pledged their support of PLUS in the community and among their membership. It is not often that we find such enthusiasm and support of a national activity with potentially far-reaching results. With this in mind, I find it difficult to conceive of this body not lending its support to the resolution offered by the senior Senator from Pennsylvania [Mr. HEINZ].

By designating the month of September 1986, as "Adult Literacy Awareness Month," I believe this body will have helped to focus the attention of the American people on a problem which so many of their fellow citizens face. It is my hope and the hope expressed in the resolution that Americans will respond to the needs of the millions of adult illiterates by volunteering to serve as tutors, providing in-kind services, or by supporting other initiatives which seek to combat illiteracy. I would urge my colleagues to support Senate Joint Resolution 358.●

ADDITIONAL COSPONSORS

S. 1154

At the request of Mr. MATSUNAGA, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1154, a bill to amend title XVIII of the Social Security Act to provide direct Medicare reimbursements for services performed by registered nurse anesthetists.

S. 1562

At the request of Mr. GRASSLEY, the name of the Senator from Alabama [Mr. DENTON] was withdrawn as a cosponsor of S. 1562, a bill to amend the False Claims Act, and title 18 of the United States Code regarding penalties for false claims, and for other purposes.

S. 2094

At the request of Mr. COCHRAN, the names of the Senator from New Jersey [Mr. BRADLEY], the Senator from North Dakota [Mr. ANDREWS], and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of S. 1094, a bill to establish a commission for the amelioration of Parkinsonism.

S. 2115

At the request of Mr. THURMOND, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 2115, a bill to recognize the organization known as the 82d Airborne Division Association, Inc.

S. 2133

At the request of Mr. KASTEN, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 2133, a bill to amend the

Social Security Act to safeguard the integrity of the Social Security trust funds by ensuring prudent investment practices.

S. 2170

At the request of Mr. GLENN, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 2170, a bill to establish labor productivity assistance loans to provide financial assistance to certain individuals, to increase job skills and productivity, and for other purposes.

S. 2307

At the request of Mr. PRESSLER, the names of the Senator from Tennessee [Mr. SASSER], the Senator from New Jersey [Mr. BRADLEY], the Senator from Nebraska [Mr. ZORINSKY], the Senator from Utah [Mr. HATCH], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 2307, a bill to provide authorization of appropriations for activities of the U.S. Travel and Tourism Administration.

S. 2331

At the request of Mr. HEINZ, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 2331, a bill to amend title XVIII of the Social Security Act to assure the quality of inpatient hospital services and posthospital services furnished under the Medicare Program, and for other purposes.

S. 2411

At the request of Mr. D'AMATO, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 2411, a bill to prohibit possession, manufacture, sale, importation, and mailing of ballistic knives.

S. 2450

At the request of Mr. HEINZ, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 2450, a bill to amend title II of the Social Security Act to remove permanently the 3-percent threshold requirement for cost-of-living increases.

S. 2479

At the request of Mr. TRIBLE, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of S. 2479, a bill to amend chapter 39 of title 31, United States Code, to require the Federal Government to pay interest on overdue payments, and for other purposes.

SENATE JOINT RESOLUTION 311

At the request of Mr. CRANSTON, the names of the Senator from Pennsylvania [Mr. HEINZ], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Minnesota [Mr. DURENBERGER], and the Senator from Virginia [Mr. WARNER] were added as cosponsors of Senate Joint Resolution 311, joint resolution designating the week beginning November 9, 1986, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 314

At the request of Mr. QUAYLE, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of Senate Joint Resolution 314, joint resolution to designate the week beginning July 27, 1986, as "National Nuclear Medicine Week."

SENATE CONCURRENT RESOLUTION 131

At the request of Mr. D'AMATO, his name was added as a cosponsor of Senate Concurrent Resolution 131, concurrent resolution expressing the sense of the Congress that the Soviet Union should immediately provide for the release and safe passage of Naum Meiman and Inna Kitrosskaya-Meiman.

SENATE RESOLUTION 381

At the request of Mr. DECONCINI, the names of the Senator from Indiana [Mr. QUAYLE], and the Senator from Utah [Mr. HATCH] were added as cosponsors of Senate Resolution 381, resolution expressing the sense of the Senate with respect to United States corporations doing business in Angola.

SENATE RESOLUTION 411

At the request of Mr. SYMMS, the name of the Senator from Alabama [Mr. DENTON] was added as a cosponsor of Senate Resolution 411, resolution expressing the support and encouragement of the Senate for those working for freedom and against communism in South West Africa/Namibia.

SENATE RESOLUTION 425—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. THURMOND, from the Committee on the Judiciary, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 425

Resolved, That pursuant to section 303(c) of the Congressional Budget Act of 1974, section 303(a) of that Act is waived with respect to consideration of S. 2216, as reported, designating September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day".

A waiver of section 303(a) is necessary because S. 2216, as reported, provides new entitlement authority first effective during fiscal year 1987 before the concurrent resolution on the budget for fiscal year 1987 has been agreed to. The entitlement authority results from premium pay for employees who work on the holiday.

SENATE RESOLUTION 426—CONGRATULATING THE UNIVERSITY OF ARIZONA BASEBALL TEAM ON WINNING THE NCAA COLLEGE WORLD SERIES

Mr. DECONCINI (for himeslf, Mr. GOLDWATER, and Mr. DOLE) submitted the following resolution; which was considered and agreed to:

S. RES. 426

Whereas, on June 9, 1986, the University of Arizona won the National Collegiate Athletic Association (NCAA) College World Series.

Whereas, only an outstanding team could have beaten the top ranked Florida State University Seminoles who compiled an outstanding 61 wins and 13 losses this season under coach Mike Martin;

Whereas, Mike Senne, the series most valuable player, and Gar Millay hit two-run homers, and Tommy Hinzo stole home plate leading the University of Arizona to a 10-2 victory;

Whereas, this is the University of Arizona's third national title in ten years under the coaching of Jerry Kindall: Now therefore be it;

Resolved, That the Senate of the United States of America joins with baseball fans in Arizona and Wildcat alumni across the nation in honoring the University of Arizona for winning the NCAA College World Series.

AMENDMENTS SUBMITTED

TAX REFORM ACT OF 1986

STEVENS (AND BOSCHWITZ) AMENDMENT NO. 2059

(Ordered to lie on the table.)

Mr. STEVENS (for himself and Mr. BOSCHWITZ) submitted an amendment intended to be proposed by them to the bill (H.R. 3838) to reform the internal revenue laws of the United States; as follows:

At the appropriate place in title XVII, insert the following new section:

SEC. . 5-YEAR MORATORIUM ON CERTAIN TAX LEGISLATION.

(2) 5-YEAR MORATORIUM.—

(1) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment which amends or reenacts any provision of the internal revenue laws of the United States which was added, repealed, or amended by the Tax Reform Act of 1986.

(2) EXCEPTIONS.—This section shall not apply—

(A) to any bill which makes technical corrections relating to the Tax Reform Act of 1986, or

(B) to any reconciliation legislation (and amendments thereto) reported pursuant to specifications and directions set forth in a Concurrent Resolution on the Budget in accordance with section 310(a)(2) of the Congressional Budget Act of 1974.

(b) PROCEDURE.—

(1) HOUSE OF REPRESENTATIVES.—If a point of order is raised in the House of Representatives pursuant to subsection (a) and is sustained by the presiding officer of such House, an affirmative vote of three-fifths of the Members of such House duly chosen and sworn shall be required to sustain an appeal of such ruling. Debate on any such appeal shall be limited to two hours, to be equally divided, and controlled by, the Majority Leader and the Minority Leader of the House or their designees. An appeal of such a point of order is not subject to a motion to table.

(2) SENATE.—If a point of order is raised in the Senate pursuant to subsection (a) and is sustained by the presiding officer, an affirmative vote of three-fifths of the Members of the Senate duly chosen and sworn shall be required to sustain an appeal of such ruling. Debate on any such appeal shall be limited to two hours, to be equally divided, and controlled by, the Majority Leader and the Minority Leader of the Senate or their designees. An appeal of such a point of order is not subject to a motion to table.

(c) WAIVER.—The provisions of this section may be waived in the Senate only by the affirmative vote of three-fifths of the Members duly chosen and sworn.

(d) RULES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE.—This section is enacted—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such is deemed a part of the rules of each House, respectively, and shall supersede other rules only to the extent that it is inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(e) PERIOD TO WHICH SECTION APPLIES.—This section shall be effective for the 5-year period beginning with the date of the enactment of this Act.

STAFFORD AMENDMENT NO. 2060

Mr. STAFFORD proposed an amendment to the bill (H.R. 3838), supra; as follows:

At an appropriate place in the bill insert the following:

No person over 75 years of age with net income less than $40,000.00 shall pay any income tax so long as such person's hair does not turn white.

BAUCUS AMENDMENT NO. 2061

(Ordered to lie on the table.)

Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill (H.R. 3838), supra; as follows:

On page 1416, beginning with line 6, strike out all through page 1418, line 10, and insert in lieu thereof the following:

SEC. 141. DEDUCTION IN LIEU OF INCOME AVERAGING.

(a) IN GENERAL.—So much of part I of subchapter Q of chapter 1 as precedes section 1301 is amended to read as follows:

"PART I—DEDUCTION TO REFLECT INCOME FLUCTUATIONS

"Sec. 1301. Allowance of deduction.
"Sec. 1302. Excess deductions; other definitions.
"Sec. 1303. Eligible individuals.
"Sec. 1304. Special rules.
"Sec. 1305. Regulations.

"SEC. 1301. ALLOWANCE OF DEDUCTION.

"(a) GENERAL RULE.—If an eligible individual has taxable income for the computation year which is subject to the highest rate of tax imposed by section 1 and has excess deductions during the base period, then there shall be allowed as a deduction under this chapter for the computation year an amount equal to the lesser of—

"(1) the excess deductions during the base period, or

"(2) that portion of the taxable income for the computation year which is subject to the highest rate of tax imposed by section 1.

"(b) TAXABLE INCOME.—For purposes of subsection (a), taxable income shall be computed without regard to this section.

"SEC. 1302. EXCESS DEDUCTIONS; OTHER DEFINITIONS.

"(a) EXCESS DEDUCTIONS.—For purposes of this part, the term 'excess deductions' means the excess (if any) of—

"(1) the sum of—

"(A) the aggregate amount of the standard deductions determined under section 63(c) (or in the case of an individual who elects to itemize his deductions for any base period year, the itemized deductions) for all base period years, plus

"(B) the aggregate amount of the deductions for personal exemptions provided in section 151 for all base period years, over

"(2) the aggregate adjusted gross income of the taxpayer for all base period years.

The amount of excess deductions for any computation year shall be reduced by the amount of such deductions which were taken into account in any preceding taxable year.

"(b) OTHER DEFINITIONS.—For purposes of this part—

"(1) COMPUTATION YEAR.—The term 'computation year' means the taxable year for which the taxpayer chooses the benefits of this part.

"(2) BASE PERIOD.—The term 'base period' means the 3-taxable year period immediately preceding the computation year.

"(3) BASE PERIOD YEAR.—The term 'base period year' means any taxable year in the base period.

"(4) JOINT RETURN.—The term 'joint return' means the return of a husband and wife made under section 6013."

"(b) CONFORMING AMENDMENTS.—

(1) Section 1304(c)(2) (defining minimum base period income) is amended to read as follows:

"(2) EXCESS DEDUCTIONS.—For purposes of this part, the excess deductions of an individual shall not be greater than 50 percent of the excess deductions which would result from combining the income and deductions of such individual for any base period year—

"(A) with the income and deductions for such period of the individual who is his spouse for the computation year, or

"(B) if greater, with the income and deductions for such year of the individual who was his spouse for such year."

(2) Section 1304(c)(3)(A) (relating to community income attributable to services) is amended by striking out "base period income" and inserting in lieu thereof "excess deductions".

(3) Section 1304 is amended by striking out subsection (d) and by redesignating subsections (e) and (f) as subsections (d) and (e).

(4) Sections 3(b)(1) and 5(b)(2) are each amended by striking out "income averaging" and inserting in lieu thereof "the deduction to reflect income fluctuations".

(5) Section (5)(2) is amended by striking out "limitation on" and inserting in lieu thereof "computation of".

(6) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to part I and inserting in lieu thereof the following new item:

"Part I. Deduction to reflect income fluctuations."

● Mr. BAUCUS. Mr. President, I am introducing an amendment that would restore an adjustment for taxpayers whose incomes fluctuate dramatically, such as farmers.

BACKGROUND

Under current law, there are 11 tax brackets, at progressive rates beginning at 11 percent and peaking at 50 percent.

Because there are so many brackets, taxpayers with volatile incomes may pay more tax than taxpayers with steady incomes: During good years, these taxpayers will be forced into higher tax brackets than their long-term earning power warrants. For example, the Center for Rural Affairs estimates that a family of four with income alternating between zero and $60,000 would pay 76 percent more tax over a 6-year period than a family of four earning precisely the same total income in six $30,000 increments.

To address this problem, in 1964 Congress enacted income averaging. The House report explained that "a general averaging provision is needed to accord those whose incomes fluctuate widely from year to year the same treatment accorded those with relatively stable incomes."

Under current law, taxpayers are entitled to use income averaging if their income exceeds 140 percent of their average income in the previous 3 years. If that amount exceeds $3,000, it's averaged and subject to a lower tax. In the recent reconciliation bill, we denied income averaging to taxpayers who had been students during the 3-year base period.

The House tax bill repeals income averaging, and the Finance Committee bill follows suit. Our report says that:

"In light of the significantly flatter rate structure under the bill, there is no longer a need for income averaging. Moreover, the repeal of income averaging simplifies the tax system, by eliminating both the need for many individuals to make a complex series of computations . . . and controversies with the Internal Revenue Service regarding whether an individual was self-supporting during any of the base years."

It's true that replacing many narrow brackets with two wider ones reduces the need for the current form of income averaging. But it does not entirely eliminate the need for some form of adjustment for people with volatile incomes: Under the committee bill, taxpayers whose incomes fluctuate wildly from year to year still will pay higher taxes than ones whose incomes are relatively stable. This is especially true for people near the tax threshold, for whom the value of the standard deduction and personal exemption is greatest.

For example, a taxpayer earning a total of $100,000 over 4 years in four equal increments would pay $7,200 in taxes over that period. A taxpayer earning the same total amount in in-

crements of zero, $50,000, zero, and $50,000 would pay $12,948.

PROPOSAL

One way to solve the problem would be to retain the current system of income averaging. That, however, would cost $2.9 billion.

A less costly but nonetheless effective alternative would be to permit taxpayers whose incomes fall below the tax threshold in 1 year to carry their unused standard deduction and personal exemptions forward, and deduct them from income in the 27-percent bracket. In the example above, this would reduce the tax payment from $12,948 to $10,869.

This proposal, which is embodied in the amendment I am filing today, would provide substantial relief to taxpayers with volatile incomes. Over 5 years, it would cost $700 million. If it were limited to farmers, it would cost only $200 million.

I currently am putting the finishing touches on the revenue-raising portion of this amendment, which would offset either the $700 million or the $200 million.

In either case, I believe that it is important for us to restore some limited form of relief to farmers and others with volatile incomes. Doing so would be good tax policy and would make this bill more fair.●

ROTH (AND OTHERS) AMENDMENT NO. 2062

Mr. ROTH (for himself, Mr. DOLE, Mr. PACKWOOD, Mr. MATTINGLY, Mr. WARNER, Mr. CHAFEE, and Mr. NICKLES) proposed an amendment to the bill (H.R. 3838), supra; as follows:

At the appropriate place add the following:

FINDINGS

The Senate believes that Americans should be encouraged to save for retirement; and

The Senate recognizes that only slightly more than one-half of all civilian employees are covered by employer-sponsored retirement plans and, of those employers, only half are now vested in their benefits; and

Over 70 percent of all taxpayers who have established individual retirement accounts have annual incomes of under $50,000; and

The Senate recognizes that taxpayers should be able to adequately provide for their retirement security, cannot rely on Social Security alone, and should be encouraged to provide for their retirement through tax incentives:

DOLE (AND OTHERS) AMENDMENT NO. 2063

Mr. DOLE (for himself, Mr. ROTH, Mr. PACKWOOD, Mr. MATTINGLY, Mr. WARNER, and Mr. CHAFEE) proposed an amendment to amendment No. 2062 proposed by Mr. ROTH (and others) to the bill (H.R. 3838), supra; as follows:

At the end of the amendment add:

It is the sense of the Senate—

(1) that the Senate conferees on the Tax Reform Act of 1986 give highest priority to retaining maximum possible tax benefits for individual retirement accounts to encourage their use as a principal vehicle for ensuring retirement security, and

(2) that the retention of the tax benefit of individual retirement accounts should be accomplished in a manner which does not adversely affect the tax rates or distribution by income class of tax reduction otherwise provided for in the Tax Reform Act of 1986.

ROTH AMENDMENT NO. 2064

Mr. ROTH proposed an amendment to the language proposed to be stricken by the reported amendment to the bill (H.R. 3838), supra; as follows:

At the appropriate place in the House bill add the following:

FINDINGS

The Senate believes that Americans should be encouraged to save for their retirement; and

The Senate recognizes that only slightly more than one-half of all civilian employees are covered by employer-sponsored retirement plans and, of those employees, only half are now vested in their benefits; and

Over 70 percent of all taxpayers who have established individual retirement accounts have annual incomes of under $50,000; and

The Senate recognizes that taxpayers should be able to adequately provide for their retirement security, cannot rely on Social Security alone, and should be encouraged to provide for their retirement through tax incentives:

PACKWOOD AMENDMENT NO. 2065

Mr. PACKWOOD proposed an amendment to amendment No. 2064 proposed by Mr. ROTH to the language proposed to be stricken by the reported amendment to the bill (H.R. 3838), supra; as follows:

At the end of the amendment add:

It is the sense of the Senate—

(1) that the Senate conferees on the Tax Reform Act of 1986 give highest priority to retaining maximum possible tax benefits for individual retirement accounts to encourage their use as a principal vehicle for ensuring retirement security, and

(2) that the retention of the tax benefit of individual retirement accounts should be accomplished in a manner which does not adversely affect the tax rates or distribution by income class of tax reduction otherwise provided for in the Tax Reform Act of 1986.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, June 10, in executive session, to hold a markup of tactical warfare portions of S. 2199, the fiscal year 1987 DOD authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on Tuesday, June 10, to conduct a hearing on the Rogers Commission report on the NASA shuttle accident.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

STATUE OF LIBERTY ESSAY WINNER

Mr. KASTEN. Mr. President, this will be a special summer for America because we are celebrating the 100th anniversary of the arrival of the Statue of Liberty to our shores.

To help commemorate this historic event, the National Association of State Boards of Education and the Statue of Liberty Foundation sponsored the "Statue of Liberty Essay Contest" for schoolchildren.

A 10-year-old boy from Madison recently was selected as Wisconsin's winner in this contest.

Mr. President, Jason Verhelst, a fourth grader at St. Maria Goretti School, wrote an essay that, in the words of his teacher, Mary Elen Ruppert, "relays the importance of our freedom and gives us hope for peace around the world."

"God gives us the rainbow as His sign of peace," Jason wrote. "Just as the rainbow comes when there is light from the Sun after a rainstorm, the Statue of Liberty holds a light in her hand to show people the way to a free country."

These are profound thoughts from one so young, and Jason's parents, John and Suzy Verhelst, have reason to be very proud.

So too, do the parents of the 195 other Wisconsin schoolchildren who participated in this essay exercise. All of them are deserving of recognition for their hard work, their creativity, and their desire to express what the Statue of Liberty means to them.

Jason will participate with the essay winners from the other States at the Statue of Liberty weekend activities in New York City, and I wish this youngster an exciting and inspirational time during this historic celebration.

Mr. President, I ask that the text of Jason's essay be included in the RECORD.

The essay follows:

THE MEANING OF THE STATUE OF LIBERTY

(By Jason Verhelst)

The Statue of Liberty means hope, freedom and peace, not just in the United States but all over the world.

The Statue of Liberty is a man-made sign of hope that one day we will have world peace.

God gives us the rainbow as His sign of peace. Just as the rainbow comes when there is light from the sun after a rainstorm, the Statue of Liberty holds a light in her hand to show people the way to a free country.

It is important to have a symbol to remind us that our country is free and be grateful it is that way.

She stands at the gateway of our country to invite others to share our freedom.

I wish that one day there would be freedom. I wish that one day there would be freedom and peace all over the world. That is what our Statue of Liberty means to me.●

CAR-SEAT MANUFACTURERS FACE DAUNTING PRODUCT LIABILITY RISK

● Mr. KASTEN. Mr. President, a recent article in the Seattle Times presents yet another distressing situation which illustrates the inescapable necessity of products liability reform. Last September there were 12 manufacturers of children's car seats in the United States. Today there are only 10 and 3 of those manufacturers are considering dropping the product. The reasons for this situation are expensive products liability settlements, increased liability exposure, and skyrocketing insurance costs. The most staggering result of the current system is that total tort claims made by consumers against car-seat manufacturers now exceed the net worth of the industry. It is not only industry which suffers from the current products liability laws; the consumer is the ultimate injured party due to either the inflated prices charged by manufacturers and sellers to cover their insurance costs or the possible unavailability of needed products. Products liability reform is urgently needed to avoid these catastrophic results. I ask that the text of this article be printed in the RECORD. I hope my colleagues will take note of this distressing situation and consider the pressing need for products liability reform.

The article follows:

[From The Seattle Times, May 16, 1986]

CAR-SEAT MAKERS ARE QUITTING OVER ISSUE OF LIABILITY

(By Shelby Gilje)

If you have a baby, what product must you have before you can leave the hospital with the new bundle of joy?

A car seat that has passed federal tests since car-seat regulations began in 1981.

All 50 states require some kind of car restraint or safety seat for young children. But parents trying to comply with these laws could find themselves paying two or more times the present cost for car seats. Here's why.

Last September, 12 American companies in the juvenile-products industry were manufacturing car seats. Two have dropped out because of product-liability risks, lawsuits, expensive settlements and rising insurance rates.

At least three other manufacturers are considering dropping out of the car-seat market, said William MacMillan, executive director of the Juvenile Products Manufacturers Association, a trade group.

One foreign company which makes and sells car seats outside the United States was tooled-up and ready to market them here, according to MacMillan and others in the industry. But this company could not obtain liability insurance, so its plans for the U.S. marketplace are on hold.

A representative of the company says there has been a delay while his corporation does some "insurance shopping."

Total claims made by consumers against car-seat manufacturers now exceed the net worth of the industry, MacMillan said. Those in the industry hope some form of proposed product-liability legislation now before Congress will be approved. One proposal would require that a product be found at fault before its manufacturer would have to pay consumers, would limit the sum to be paid for "pain and suffering" to $100,000 and would limit lawyers' contingency fees.

The experience of the Collier-Keyworth Co., an 80-year-old Massachusetts firm, provides insight into industry problems. Collier-Keyworth's insurance carrier now has paid almost $7 million in a settlement to a family whose child was brain-damaged as a result of an auto accident. The child was in a Collier-Keyworth seat when the parents' car was struck by another vehicle.

The crash was catastrophic, with the car in which the child was riding hit on the passenger side by another vehicle traveling 45 miles per hour.

And the fact that the company's child seat had passed federal-government tests was no defense in the courtroom, said James Fuller, vice president and general manager of Collier-Keyworth's juvenile-products division.

"It was the old 'deep pockets' theory," Fuller said. His company had insurance. The care of a brain-damaged child is extremely expensive, and jurors respond to such a tragedy by awarding high settlements.

"Sure, we're thinking about getting out of the car-seat business," Fuller said.

Another manufacturer faces claims from a consumer involved in an auto accident at 4:30 a.m. Both motorists in the accident were cited for driving while intoxicated. One driver has filed a claim, saying an 8-month-old child suffered head injuries because the car seat would not fit into the vehicle's back seat, therefore it was in the front seat of the car. And that's why the injuries occurred, the consumer alleges.

Ten to 15 years ago, consumers viewed these seats as restraint devices, a way to keep a young child from climbing all over the car, interfering with or obstructing the driver. Now the emphasis is on safety. There are some accidents where no seat and its occupant could survive, say those in the industry.

What does all this mean to consumers? It could mean fewer manufacturers will want to risk lawsuits or rising insurance rates, so they will cut car seats from their line of products. And those manufacturers who continue making car seats may conclude they have to charge $150 a seat or more because of liability risks and insurance rates.

This complicated scenario came to The Troubleshooter's attention this week while we were researching an announcement by Graco Children's Products Inc. that its car seat needed modification.

Graco said that a recent test by the National Highway Traffic Safety Administration indicated Graco's GT 1000 car seat had a problem in the reclining position.

The test showed that the recline adjustment latch may not work when the seat is used in that position in some cars. Graco stressed that there have been no injuries reported, but recommended that consumers make certain the seat is properly latched until they receive and install modification devices from the company.

Consumers may receive a free modification kit by phoning Graco's toll-free line, 1-800-345-4109, (from 6 a.m. to 5 p.m. Pacific Daylight Time), or writing Graco Children's Products Inc., Elverson PA 19520.

The Graco seat, which sold for $75 to $90, has been removed from store shelves.

And Graco, which makes other products for children, says it is out of the car-seat business.●

IN SUPPORT OF NAUM AND INNA MEIMAN

● Mr. D'AMATO. Mr. President, as chairman of the Commission on Security and Cooperation in Europe, I am pleased to join as a cosponsor of Senate Concurrent Resolution 131, a resolution calling upon the Soviet Union to release Dr. Naum Meiman and his wife, Inna Kitrosskaya-Meiman. This resolution is sponsored by the distinguished senior Senator from Colorado.

A prominent member of the Jewish emigration movement, Meiman has been refused permission by Soviet authorities to emigrate to Israel since 1975. The Soviets have denied his requests on the grounds of access to state secrets, despite the fact that Meiman has not had such access since he finished his work with the Institute for Physical Problems of the Soviet Academy of Sciences in the mid-1950's. In 1976, the president of the academy certified that Meiman possessed no classified information. Nevertheless, permission to emigrate was denied and he was forced to retire.

Meiman joined the Moscow Helsinki Group on January 14, 1977. The group, founded on May 12, 1976, was established to promote human rights in the U.S.S.R. and to monitor Soviet violations of the Helsinki Final Act. Soviet authorities placed him and other human rights activists under house arrest. Later, he was informed that he would no longer be allowed to use the special polyclinic at the academy where he had received treatment for tuberculosis and other lung ailments.

In January 1980, Meiman was summoned to the local prosecutors's office where he was told that, because he had had access to secrets, he would never be allowed to emigrate. In 1985, Meiman made a special appeal to General Secretary Gorbachev, requesting that he and his ailing wife be granted exist visas permitting them to emigrate to Israel.

Meiman's wife, Inna, also a human rights activist, has undergone repeated surgeries for cancer. At this point, her only hope for survival is special radiation treatment available only in the West. Although she has received offers of medical assistance from professionals in Switzerland, France, Israel, and the United States, the Kremlin continues to refuse to allow her to go abroad for treatment.

As a signatory country to the Helsinki Final Act, the Soviet Union has voluntarily agreed to handle such cases in a positive and humanitarian spirit. The case of Naum and Inna Meiman underscores Soviet failure to live up to this commitment. In addition, their case highlights an inconsistency in Soviet policy. During his visit to France, Secretary Gorbachev indicated that Soviet security clearances are only good for a period of 5 years. Naum Meiman has not had such a clearance for over 20 years.

Given the humanitarian consideration involved in this case, I call upon the Soviet leadership to demonstrate their commitment to human rights and to release Naum and Inna Meiman.●

WISCONSIN STUDENT WINS NATIONAL ESSAY CONTEST

● Mr. KASTEN. Mr. President, Wisconsin long has prided itself on the quality of its public education system and the excellence of the students that system produces.

Wisconsin's young people are committed: committed to themselves, to their families and friends, to their schools and communities, and to their country.

That commitment has been wonderfully exemplified by a young woman from New Berlin, a community of 30,500 on the west side of Milwaukee County. Kimberly Schopf, a 17-year-old senior at Eisenhower High School, has been named the winner of the fourth annual U.S. Army Reserve National Essay Contest.

Mr. President, winning a national essay contest is no small achievement. Good writing is a skill, and a talent. And a commitment to excellence is an expression of both.

More than 6,000 high school students from 411 high schools across America participated in the Army Reserve Essay Contest, which was judged by a panel of journalists and educators. This year participants were asked to interpret a quotation from President Reagan:

* * * it is through our strength and through the commitment of citizen-soldiers * * * that America has preserved the peace.

In her essay, Kimberly described America's Reserve soldier as "a partisan of our defense force as well as a productive member of civilian society" * * * helping Americans live "in a democracy that promises a means for achieving the closest possible to true amity."

Kimberly captured the spirit and the commitment of America's citizen soldiers—the Reserve Force—in her essay. But she has carried that spirit a step further by putting her own words into action.

Mr. President, this talented young woman has enlisted in the Army Reserve under the Split Training Program—the first Army Reserve National Essay Contest winner to do so. She will begin basic training at Fort Jackson, SC, later this week and will serve as an Army reservist with the 84th Division (training) in Milwaukee.

And, she will continue her academic education at Carroll College in Waukesha, WI, which awarded her a 4-year scholarship.

Her high school experience has prepared Kimberly well for what I'm certain will be an exciting and fruitful future. At Eisenhower High School she served as feature editor of the school newspaper, was a member of the student government, played in the marching band, and was a cross country and track athlete.

I share the pride of Kimberly's parents, Mr. and Mrs. Thomas Schopf, and of her school and community.

And, Mr. President, Wisconsin can claim special pride because not only did our fine State produce the winner of this national contest, we also claimed 2 of 17 honorable mentions; Mike Klokow of Columbus High School, and Heidi Simon of West High School in Madison.

Mr. President, I request that the text of Kimberly Schopf's award-winning essay be printed in the RECORD.

The material follows:

PRESERVATION OF PEACE

(By Kimberly Schopf)

In September, I went to a military ball with a Reserve soldier. It was a ball honoring the retiring Major General John Erfmeier. One event of that night particularly commands a hold on my memory. We sang "The Star-Spangled Banner". I think we would have made Frances Scott Key proud. Gazing upon a room filled with the military aura of crisp yellow stripes and warm shining brass and black polished shoes, I raised my eyes as well as my chin. And the music lifted my heart.

These uniformed soldiers sang a 172-year-old song. Triumphant melody accompanied proud words. I listened as the Major General in the seat of honor and as the Private in the seat next to me sang:

And the Star-Spangled Banner in triumph shall wave
O'er the land of the free and the home of the brave.

Each soldier singing in that room supported a creed that has provided a foundation on which words such as "triumph" and "free" and "home" can stand:

I am a man of the United States Army—protector of the greatest nation on earth.[1]

The words of this creed speak the "commitment" to which President Reagan refers. The commitment that has kept our country a "land of the free".

Americans live in a democracy that promises a means for achieving the closest possible to true amity. And the Reserve component that supports our democracy costs taxpayers a fraction of the amount a similar standing Army would require: The Reserve costed in 1983 $1,994 million, only 3.5% of the Total Army's appropriations,[2] while it comprises one-third[3] of our total military force.

The Reservist has duty 38 days yearly. However, this citizen-soldier proclaims, not only 39 times a year, but 365, that the two titles, "citizen" and "soldier", are indeed two sides of one coin: The soldier is a soldier because he wishes to defend the principles and priviledges of his citizenship. A civilian and a soldier, each contributing to the other's welfare and skill, he is a partisan of our defense force as well as a productive member of civilian society.

History reveals the importance of the citizen-soldier's maintenance of a dual responsibility. In colonial days, farmers and craftsmen set down in emergencies their plows and tools to back the regular force. These part-time soldiers received little pay and less encouragement, and yet, survived. Today's Army Reserve has assisted the Total Army in WWI, WWII, Korea, the Berlin Crisis, and Vietnam; has helped process Vietnamese and Cuban refugees, and restore order in Grenada; and acts as a deterrent resource to help prevent war and insure peace.[4]

The Reservist proclaims he believes in preserving the honor of being American. This means everything to our nation's defense. This means everything to achieving that closest possible to true amity. And that Reserve soldier and I sang this in the words of Francis Scott Key's 172-year-old song.●

RATIFICATION: IF WE ARE SERIOUS ABOUT CONTINUING SALT

● Mr. QUAYLE. Mr. President, yesterday I argued that the majority leader should call up SALT II for ratification if the President's critics try to tie defense spending to his continuing to adhere to SALT.

Some, of course, would argue that ratification is not necessary, that Congress has the power of the purse and can condition its funding in any way so long as it does not explicitly violate any of the Constitution's expressed prohibitions.

Whatever the narrow technical merits of this argument—and I doubt that they are very considerable—they are fundamentally at odds with how our Government's constitutional struc-

[1] This exerpt of the "Soldier's Creed" was taken from the *Soldier's Manual Army Testing*, 2 May 1983, p. 141.

[2] Richard B. Crossland and James T. Currie, *Twice the Citizen*, Office of the Chief, Army Reserve, 1984, p. 274.

[3] This information was found in the *New Reservist's Orientation Kit*, U.S. Government Printing Office, 1985, p. 3.

[4] *Ibid.*, p. 2.

ture was intended to assure serious consideration of key treaties.

Our founders rightly understood that treaty obligations were special considerations and different from domestic legislation or executive acts. Unlike these, treaty obligations bind our Government to policies that entail another nation's consent. Not only might these obligations risk dragging our Nation into war, but as the supreme law of the land, can shape our domestic politics.

Conscious of these points, the framers took considerable care to assure that assuming any new treaty obligations would involve more than one branch of our Government. Not just the executive, which negotiated the treaty, but a legislative branch would have a say in determining what treaties should become law.

In addition, the founders were careful not to give Congress this review responsibility as a whole. Instead, they allowed only Senate to assume this role for obvious reasons.

Finally, they required not just a majority of the Senate, but a two-thirds vote to secure Senate approval of any treaty. By practice, not codified by the Vienna Convention on the Law of Treaties, both modification and extension of treaties require the same procedures of approval as the original treaty itself.

Against this backdrop, what many supporters of SALT are now suggesting—unilateral diplomacy by congressional legislation—is not just suspect, it is constitutionally imprudent in the extreme.

First, in general violation of existing international law, they wish to selectively extend, and thereby amend, an agreement without reference to our constitutional treaty approval procedures. There is no effort to keep the House out of this nor to capture two-thirds of the Senate. Instead, the matter is being handled as if it were a bicameral domestic policy issue. To make any sense of this requires that we assume that Congress is the executive and that SALT and its modification are no more than a minor executive agreement.

Second, by skirting the ratification process, these SALT supporters skirt the very procedures that would make them face the implausibility of what they are doing. Avoid the Senate and the two-thirds rule, and you are likely to ignore the Senate's refusal to approve SALT. Ignore the procedural requirement that it is the executive that asks the Senate to consider treaties or their modification, and you make it easier to gloss over SALT's expiration in 1985 and the President's announcement that we are no longer bound by its terms. Finally, ignore that SALT is an agreement whose success depends not just on our adherence, but on what the Soviets chose to do, and Soviet violations that normally would justify terminating a ratified agreement, are no longer of much concern.

Mr. President, those who understand the Constitution's provisions for treaty making and the concerns that prompted our founders to draft them, recognize the folly of all this. At risk are the executive's constitutional treaty making powers, the Senate's treaty approval role, and what respect the Soviets or our allies might still have for us.

If supporters of SALT are serious about extending or modifying SALT, the strictly constitutional course—a debate over SALT II's possible Senate ratification—is the only serious course. Whether or not the Senate is serious enough to demand this, of course, remains to be seen.●

VIKTOR NEKIPELOV

● Mr. D'AMATO. Mr. President, I rise today to draw attention to the continuing plight of Viktor Nekipelov, a member of the Moscow Helsinki Group. The group, organized by 11 Soviet human rights advocates, was established on May 12, 1976. The primary purpose of the Moscow Group was to promote human rights in the U.S.S.R. and monitor Soviet violations of the Helsinki final act.

Soviet authorities have arrested, detained, imprisoned, and exiled members of the group, including Nekipelov. These harsh reprisals underscore Soviet contempt for the concept of human rights and for those who speak out in support of human rights. In addition, they highlight Soviet disregard for their human rights commitments, especially those included in the Helsinki final act, which they have voluntarily accepted.

Mr. President, as chairman of the Commission on Security and Cooperation in Europe, I commend the efforts of Viktor Nekipelov and his colleagues who have paid dearly for their work on behalf of those denied even the most basic human rights.

Mr. President, I ask that a brief biography of Nekipelov be printed in the RECORD.

The biography follows:

VIKTOR ALEKSANDROVICH NEKIPELOV

Viktor Aleksandrovich Nekipelov, the son of a physician employed by the Chinese Eastern Railroad, was born on September 29, 1928, in Harbin, China. His mother, a medical worker, was arrested in 1939, and perished in Stalin's camps during the Great Purge.

Nekipelov graduated from the Omsk Military Medical Academy in 1950, the Kharkov Pharmacological Institute in 1960, and the Moscow Literary Institute in 1970.

As he began to contact dissidents and voice political protests, Nekipelov became the target of official harassment in the late 1960s and early 1970s. He was arrested and tried in July 1973 for "slandering the Soviet state" under Article 190-1 RSFSR Criminal Code, and sentenced to three years in prison. Nekipelov spent two months under "psychiatric observation" at the Serbsky Institute of Forensic Psychiatry during the investigation into his case. His trial took place on May 16, 17 and 21, 1974. He was sentenced to two years in general-regimen labor camp and had to pay 199 rubles in legal fees. Nekipelov could not find work for seven months following his release from prison in July 1975. From March 1976 until his second arrest on December 7, 1979, he worked as a laboratory physician in the Kameshkovo Rayon Hospital.

He joined the Moscow Helsinki Group in November 1977. Nekipelov is a member of the International PEN Club. A prolific writer, he contributed to many samizdat petitions and articles. Nekipelov wrote a book of recollections entitled Institute of Fools, based upon his experiences in the Serbsky Institute. He also compiled a series of articles on the persecution of dissidents in the USSR and was active in efforts to publicize the trials of other Soviet dissidents.

Nekipelov and his wife submitted an application to emigrate to Israel in March 1977. Later that year, the couple renounced their Soviet citizenship. On September 12, 1977, he was informed by OVIR that he had "no business" in Israel. A second renunciation came in 1978 along with another denial.

Nekipelov was arrested again on December 7, 1979. He was charged with "anti-Soviet agitation and propaganda" under Article 70 RSFSR Criminal Code. He was sentenced to seven years in labor camp and five years of internal exile on June 13, 1980.

Nekipelov was sent to Perm camp #36. He was later transferred to Chistopol Prison. Suffering from cancer, Nekipelov was to be sent to the Gaaz Central Hospital for Prisoners in Leningrad at the end of 1985. Instead, the authorities had him sent to Vladimir Prison.●

BANKRUPTCY ANTIFRAUD ACT OF 1986

● Mr. GRASSLEY. Mr. President, yesterday I introduced S. 2531, the "Bankruptcy Antifraud Act of 1986." However, I noticed today that the text of the bill was omitted from the CONGRESSIONAL RECORD. I ask unanimous consent that the language of the bill be printed in the RECORD.

The bill follows:

S. 2531

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Bankruptcy Antifraud Act of 1986".

NONDISCHARGEABILITY OF CERTAIN DEBTS FOR RESTITUTION

SEC. 2. Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (9), as added by section 371 of the Bankruptcy Amendments and Federal Judgeship Act of 1984, is amended by striking out "or" at the end thereof;

(2) by inserting after such paragraph (9) the following:

"(10) to the extent that such debt arises from a judgment or consent decree entered in a court of record existing at the time of filing or thereafter rendered, or from a claim requiring the debtor to make restitution to, for the benefit of, or for distribution by a governmental entity as a result of a

violation of State law by the debtor, or as a result of the consent decree; or"; and

(3) in paragraph (9) as in effect immediately before the date of the enactment of the Bankruptcy Amendments and Federal Judgeship Act of 1984 by striking out "(9)" and inserting in lieu thereof "(11)".●

NAUM AND INNA MEIMAN: LIVING DAY TO DAY

● Mr. SIMON. Mr. President, Naum and Inna Meiman are a Soviet couple who reside in Moscow. They have had their phone cut, despite Inna's critical condition. They have been followed. Their conversations have been monitored. Naum was fired from his job. Their crime—the desire to emigrate to Israel.

Inna, Naum's second wife, has cancer. She is dying a slow and excruciatingly painful death. Naum is accused of having performed secret calculations for the Soviet Government—25 years ago.

The Soviets are getting only bad publicity by keeping this couple in the Soviet Union. It costs the Soviet Government very little to allow the Meimans to go to Israel.

I strongly encourage the Soviets to let the Meimans go.●

SUPPORT FOR SERVICE CONTRACT ACT AND DAVIS-BACON REFORM

● Mr. HUMPHREY. Mr. President, on May 21, 1986, I received a letter from the director of federal legislation, Mr. John Motley III, of the National Federation of Independent Business stating that the NFIB fully endorses the proposed reforms of the Service Contract and Davis-Bacon Acts in the Department of Defense authorization bill for fiscal year 1987.

The NFIB is an organization comprised of over 500,000 small business members committed to free market competition in the workplace. The proposed reforms would simplify, streamline, and lift burdensome regulations and massive red tape which serve to restrict independent businesses from aggressively engaging in the Federal bidding process. The NFIB has long been an advocate of reforming Federal prevailing wage laws, such as the Davis-Bacon Act and Service Contract Act [SCA].

The realistic changes proposed in S. 2261, the Service Contract Reform Act of 1986, will serve to correct many problems that currently plague the Service Contract Act. The purpose of the act, when it was adopted by Congress in 1965, was to prevent exploitation of workers by unscrupulous employers seeking Government service contracts. But unfortunately, over the years, the law has been misapplied and misinterpreted. The wages determined to be "prevailing" under the SCA are inflationary and add millions of dollars in unnecessary costs to Federal Government contracts. It is the American taxpayer who must foot the bill for these additional costs. In a 1983 study, GAO recommended total repeal of the SCA. The Grace Commission report recommended repeal or at the very least reform of the SCA.

The proposed reforms to both SCA and Davis-Bacon will generate greater participation in the small business community, increase efficiency in the Federal bidding process and save the Government more than $1 billion over a 5-year period. The NFIB should be praised for its deep commitment and support for legislation which goes far in improving current Federal labor law.

The letter follows:

NATIONAL FEDERATION
OF INDEPENDENT BUSINESS,
May 20, 1986.

Hon. GORDON J. HUMPHREY,
U.S. Senate, Washington, DC.

DEAR SENATOR HUMPHREY: On behalf of the more than 500,000 small business members of NFIB, I want to urge your support for reform of the Davis-Bacon and Service Contract Acts (SCA) in the Department of Defense authorization bill for FY 1987. NFIB has long championed changes in these federal contracting statutes to increase the prospect of small business participation in government bidding, as well as to reduce federal expenditures.

The thresholds for coverage under Davis-Bacon and the SCA will be increased to $1,000,000 and $200,000 respectively. Further changes will result in codification of current Department of Labor regulations with regard to Davis-Bacon, as well as modify the current manner of prevailing wage determinations under SCA. Savings are estimated at more than $1 billion over five years.

These are substantial dollar savings given the focus on deficit reduction by the Congress. Several worthwhile policy goals can be achieved through enactment of these reform provisions. A recent editorial in the *New York Times* for May 15 supports these efforts at reform of Davis-Bacon. I have enclosed a copy of the editorial for your review.

Our nation's small employers recognize and appreciate your past efforts to reform Davis-Bacon. We look forward to another successful effort this year.

Sincerely,

JOHN J. MOTLEY III,
Director of Federal Legislation.●

AVIATION SAFETY COMMISSION

● Mr. LAUTENBERG. Mr. President, I have joined as a cosponsor of S. 2417, the Aviation Safety Commission Act of 1986, introduced by the distinguished minority leader, Senator BYRD.

Mr. President, aviation safety is growing as a national concern. Our national economy and, in many ways, our way of life, depends on rapid, reliable, and safe air travel. In this age of deregulation, flying has become affordable to many who previously traveled by car, train, or bus.

In 1985, 380 million Americans flew on scheduled airlines. But, 1985 was the worst year for air safety since 1977. Fire hundred and twenty-six Americans lost their lives in aviation accidents in 1985. In addition, in 1985, there were 758 reports of near midair collisions, an increase from 5489 in 1984.

Mr. President, our air safety problems are due to multiple causes. The Federal Aviation Administration has budget problems. Admiral Donald Engen, the FAA Administrator, testified before the Senate Appropriations Committee that the Gramm-Rudman budget cuts have left his agency with resources that are not adequate to operate his agency. The Congress is attempting to provide supplemental funding in fiscal year 1986 to fill the void left by Gramm-Rudman.

The FAA has personnel problems. In 1981, the Nation had 13,205 fully experienced air traffic controllers. In 1986, with more airlines and more air travel, the FAA employs 8,770 full-performance-level controllers. In fiscal year 1985, the FAA fell 308 controllers short of its own staffing goal. In the first 6 months of fiscal year 1986, the net increase in controllers has been a mere 28. Similar problems exist among safety inspectors and technicians.

Mr. President, the FAA continues to experience problems related to the morale of the workforce. Air traffic controllers are under too much stress and are overworked. Morale in the system appears to be no better than it was at the time of the PATCO strike in 1981.

Mr. President, the Congress should continue to investigate the performance and resource needs of the FAA. But, it is also time for an independent, comprehensive examination of the functions and structure of the Federal Aviation Administration. S. 2417 provides for that examination. The Commission established by S. 2417 would be charged with taking a step back from the day-to-day controversies which arise in this agency.

S. 2417 provides for the gathering of some of the Nation's best minds, and for people with experience in complex organizations, to examine the basic structure and purposes of the FAA and its relationship to other safety agencies. This Commission will be free to go back to first principles and to ask the hard questions that need to be asked about aviation safety today.

Mr. President, S. 2417 is important legislation. I commend the minority leader for introducing this legislation and I am pleased to join him as a cosponsor.●

CAMPAIGN TO SAVE THE ABM TREATY

● Mr. LEVIN. Mr. President, the treaty that one observer has called the Magna Carta of arms control is in jeopardy. The Anti-Ballistic Missile Treaty of 1972, which President Reagan's own Scowcroft Commission called one of the most successful arms control agreements, bans the development, testing, and deployment of nationwide ABM systems and of space-, sea-, air- and mobile land-based ABM systems or components. The ABM Treaty has successfully prevented an arms race in defensive weapons for 14 years, but late last year the Reagan administration began to lay the groundwork for bringing this period of restraint to an end. They have begun to argue that the treaty permits development and testing of new—called exotic—ABM technologies, which would allow the President's Strategic Defense Initiative to conduct field tests of lasers and kinetic kill vehicles and the like.

A new organization has been formed to spearhead the defense of the ABM Treaty. The National Campaign to Save the ABM Treaty has developed a variety of well researched papers on this issue, and I commend them to the attention of my colleagues and all readers of the CONGRESSIONAL RECORD.

I ask that several of these papers be included in my remarks.

The material follows:

ANTI-BALLISTIC MISSILE (ABM) TREATY AT A GLANCE

Anti-ballistic missiles are defensive weapons designed to shoot down ballistic missiles. The United States and the Soviet Union signed the ABM Treaty in 1972 which prohibits both countries from building nationwide ABM systems. The Treaty, which is of unlimited duration, was ratified by the U.S. Senate by a vote of 88–2. It is reviewed by the U.S. and Soviet Union every five years; the next review is in 1987.

THE TREATY'S IMPORTANCE

The ABM Treaty is based on both sides' belief that nuclear war cannot be defended against, which means it cannot be won, and therefore must never be fought. The Treaty is the cornerstone of deterrence, which has prevented nuclear war for 40 years.

The Treaty enhances U.S. and Soviet security by preventing a costly and destablizing arms race in anti-ballistic missiles, and an arms race to overcome such weapons. It is "the only accord between the U.S. and Soviet Union which, until now, has limited in any true sense the arsenals of either side."—Sen. John Chafee (R-RI).

The treaty is crucial to arms control—both past agreements and present negotiations—because its limits on defensive weapons encourages limits on offensive weapons.

WHAT IT SAYS

The Treaty allows research on all kinds of ABMs, but strictly limits development, testing, and deployment in the following ways:

Nationwide ABM systems cannot be deployed, and a base for such a system cannot be provided (Article I).

Space-based ABM systems or components cannot be developed, tested, or deployed. This ban also applies to sea-based, air-based, and mobile land-based ABMs (Art.V).

Limited fixed land-based ABM systems and components based on 1972 technologies can be deployed at one site, and can be developed and tested at agreed test ranges (Arts. III, IV, Agreed Statement D, '74 Protocol).

Exotic technologies, such as lasers, can be developed and tested for fixed land-based ABM's only, and cannot be deployed at all, unless the Treaty is amended (Stmt. D).

THREATS TO IT

Reinterpretation: The Reagan Administration claims the right to interpret the Treaty in a way that allows development and testing of all exotic technology ABM systems, including space-based ones. Under this interpretation, the Strategic Defense Initiative (SDI) could proceed beyond research to field testing and development.

SDI: The program will raise serious questions of Treaty compliance with the field testing of new space-based weapons, in particular the Airborne Optical System demonstration scheduled for 1989. Transferring SDI technology to the Allies would also violate the Treaty.

ASATs and ATBMs: The Treaty covers strategic ABMs only. Other weapons, such Anti-Satellite Weapons (ASATs) and Anti-Tactical Ballistic Missiles (ATBMs), are not covered by the Treaty, but have similar technologies to ABM weapons. Both the U.S. and the Soviet Union are developing ASAT and ATBM weapons which could acquire strategic ABM capabilities in violation of the Treaty.

Radar construction: Both countries attempt to circumvent strict compliance with the Treaty through construction of sophisticated radars with some ABM capabilities. Such actions could destroy the Treaty through erosion, an outome which could be avoided by clarifying the Treaty's terms to take into account technological advances since 1972.

PUBLIC SUPPORT FOR IT

Six former Secretaries of Defense have expressed strong support for the Treaty, and have called on the U.S. and U.S.S.R. to stop the Treaty's erosion.

An ABC/Washington Post poll showed that when respondents were told SDI would violate the Treaty, opposition to SDI rose from 53 percent to 66 percent (8/85).

Congress "fully supports the declared policy of the President that a principal objective of the United States in negotiations with the Soviet Union . . . is to reverse the erosion of the [ABM] Treaty" (Levin Amendment to the FY '86 DOD Authorization Act).

THE REAGAN ADMINISTRATION'S NEW VERSION OF THE ANTI-BALLISTIC MISSILE (ABM) TREATY

The Reagan Administration now claims that the ABM Treaty permits development and testing of ABM systems "based on other physical principles." In order words, it would allow SDI to proceed beyond research to unlimited development and testing of new space-based weapons. Some have even suggested that under this view, we could put into orbit perhaps 100 anti-ballistic missile weapons and call them test systems.

In the face of vigorous opposition from the allies, Congress, and arms control advocates, the Administration has retreated somewhat, claiming that since SDI is limited to research, the new interpretation is a "moot" point. The Administration continues to claim that the new interpretation is the "fully justified" official version of the Treaty. This view puts the Treaty in serious jeopardy, since the Administration could adopt the new version at any time, proceed to develop and test SDI weapons, and render the Treaty virtually meaningless.

CONSEQUENCES OF THE NEW VERSION

It reduces the Treaty to "a dead letter," according to Ambassador Gerard Smith, Chief Negotiator of the ABM Treaty. Under the new view, the Treaty that bans nationwide ABM systems would permit full-scale development and testing of a nationwide ABM system.

By adhering to the broader view of the Treaty as a matter of law and the more restrictive view as a matter of policy, the new interpretation gives the Soviet Union the option of adopting the broader view and proceeding with full-scale defensive weapons programs in an area where we claim to be a decade behind the Soviets.

After failing to ratify the last three arms control treaties we have negotiated with the Soviet Union, "the U.S. has now unilaterally revised the last arms control treaty which it has ratified—and done so in a radical fashion which goes to the heart of the bargain," according to Ambassador Smith. Such drastic revision of a long accepted international treaty in order to facilitate a new weapons program undermines not only that agreement but also the prospects for future arms control agreements.

THE ADMINISTRATION'S ARGUMENT

The Administration argues that the Treaty's language is ambiguous and that the negotiating record suggests the Soviet Union never accepted a ban on testing space-based ABM systems based on "other physical principles." The Administration claims that Article II, which lists components of ABM systems, limits the Treaty's scope so that it covers only ABM technologies that existed in 1972. Under this reasoning, Article V bans not all space-based ABM systems, but only those that could have been built in 1972. The Administration argues that the U.S. and USSR are free to develop and test space-based ABM systems or their components based on "other physical principles," but, because of Agreed Statement D, limits on deploying them are "subject to discussion."

This new version of the Treaty is a complete reversal of the view held by every Administration until now. The 1985 Arms Control Impact Statement, submitted by President Reagan to Congress, specifically stated:

"The ABM Treaty prohibition on development, testing and deployment of space-based ABM systems, or components for such systems, applies to directed energy technology (or any other technology) used for this purpose."

THE ADMINISTRATION IS WRONG

The Treaty language is clear. Article V is an unmistakable ban. It states that "Each party undertakes not to develop, test or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based." It contains no exception for new technologies "based on other physical principles." Agreed Statement D does not provide that exception. It refers explicitly and only to Article III, which permits fixed land-based ABMs at one site. It tightens Article III by providing that if fixed land-based ABM systems using future technologies such as lasers are developed, limits on their deployment are to be discussed through the procedures for amending the

Treaty. A careful reading of Article II shows that it is illustrative, not definitive, in listing 1972 ABM components; it therefore does not limit the scope of Article V or any other part of the Treaty.

The Administration's view of the negotiating record is adamantly disputed by many American officials directly involved in the Treaty negotiations, including Chief Negotiator Gerard Smith, Legal Counsel to the negotiating team John Rhinelander, Ret. Gen. Royal Allison, Prof. Albert Carnesale, Raymond Garthoff, and Spurgeon Keeny.

The Soviets have explicitly confirmed their view that Article V completely bans developing space-based ABM systems. As Marshall Akhromeyev, Chief of the Soviet General Staff, stated in a recent article:

"Article V of the Treaty absolutely, unambiguously bans the development, testing and deployment of ABM systems or components of space or mobile ground basing and, moreover, regardless of whether these systems are based on existing or 'future' technologies."

The Senate's approval of the Treaty was based on the negotiators' view of it. This view was clearly presented by top officials of the Nixon Administration and was understood by all, including critics like Sen. Jackson, who voted for the Treaty, and Sen. Buckley, who voted against it largely because he recognized that Article V, "would have the effect, for example, of prohibiting the development and testing of a laser type system based in space . . . " (Senate floor debate, 8/3/72)

Even if the Reagan Administration's present view were accurate, it could not override the understanding of the Treaty on which the Senate acted. The Administration's new version amounts to an amendment to the Treaty, and the law is clear that treaty amendments require Senate approval.

The Treaty wisely established the Standing Consultative Commission (SCC) for the specific purpose of resolving ambiguities, which inevitably crop up in a complex document. The SCC has proved to be a useful forum for clarifying the Treaty on many occasions since 1972. It should be used in this case, rather than the unilateral revision which the Administration has undertaken.

CHRONOLOGY OF EVENTS RELATING TO THE REINTERPRETATION OF ABM TREATY

April 4.—Heritage Foundation "backgrounder" (17 pp.) argues that ABM Treaty (ABMT) does not restrict development or deployment of SDI. Paper written by "a scholar, currently employed in the administration, who requests anonymity."

July 25.—During Sen. Armed Services Comm. Confirmation Hearing for Undersecretary of Defense Designate Hicks, Sen. Levin requests DOD to respond to questions concerning precise definitions of terms under ABMT.

Sept.—DOD staff attorney Philip Kunsberg completes 19 page report reinterpreting ABMT. Sec. of State Shultz asks State Dept. Legal Adviser Abraham Sofaer to review Kunsberg's reinterpretation.

Oct. 3.—Sofaer memo to Shultz and Nitze supports Kunsberg's conclusions in general, but differs in finding that ABMT does ban deployment of space-based ABM systems.

Oct. 4. Reinterpretation considered at White House meeting of Special Arms Control Policy Group (SAC-G), a committee of top officials from DOD, ACDA, State, and NCS, chaired by McFarlane.

Oct. 6.—McFarlane on "Meet the Press" reveals new interpretation.

Oct. 8 White House Briefing confirms McFarlane reinterpretation.

Oct. 9.—NATO officials question Nitze sharply in Europe concerning reinterpretation.

Rep. Fascell releases statement arguing that new version is "incredible" and "would legitimize Soviet anti-ballistic missile defense activities."

Oct. 11.—Thatcher and Kohl letters criticizing the reinterpretation arrive. Reagan meets with Weinberger, Shultz, Adelman, and McFarlane. National Security Decision Directive (NSDD) ordered to be drawn up outlining new policy. Smith, Rhinelander, and Keeny hold press conference. Contend that new version misinterprets and repudiates ABMT.

Oct. 14.—Shultz speaks to North Atlantic Assembly in San Francisco. Declares that reinterpretation is "fully justified," yet traditional interpretation will remain official policy. Reps. Fascell and Dicks deplore ambiguities in Shultz's position.

Oct. 15.—Shultz assures NATO foreign ministers in Brussels that US will abide by stricter interpretation of the ABM Treaty.

Oct. 19.—Soviet Marshal Akhromeyev endorses strict interpretation and criticizes the Reagan Administration for "distorting the essence" of ABMT.

Oct. 22.—House Foreign Affairs Subcomm. on Arms Control Hearing: Sofaer explains new legal interpretation; Nitze answers questions; Smith, Rhinelander, and Earle support strict interpretation.

Sen. Floor Speeches: McClure, Hecht, Wilson, Symms, and Mattingly denounce traditional interpretation.

Oct. 24.—Soviet Foreign Minister Shevardnadze at the U.N. condemns the new legal interpretation as "inadmissible" and "arbitrary."

Sen. Floor Speeches: Bumpers, Chafee, Kerry, Leahy, Mathias, and Stafford support strict ABMT interpretation.

Oct. 30.—Sen. Armed Services Comm. Hearing: Abrahamson and Ikle support reinterpretation.

Oct. 31.—Sen. Foreign Relations Comm. Hearing: Weinberger supports reinterpretation, stating it permits SDI deployment, and confirms that Levin's questions at Hick's hearing prompted DOD review of ABMT.

Nov. 12.—Sen. Foreign Relations Comm. Hearing: Smith, Rhinelander, and Perle testify on reinterpretation.

Sen. Floor Speeches: Chafee, Danforth, Gore, Proxmire, and Simon support strict interpretation.

Nov. 16.—Weinberger letter urges President to avoid summit agreement on strict interpretation of ABMT.

Nov. 21.—Sen. Armed Services Subcomm. on Strategic Nuclear Forces Hearing: Sofaer, Smith, and Rhinelander testify.

Dec. 7.—US and UK sign agreement to participate in SDI research. British officials express concern over new interpretation.

1986

March 17.—Speech by British Foreign Minister Sir Geoffrey Howe: President Reagan "has wisely decided, in a step which bears the hallmark of statesmanship, to conduct the SDI within the restrictive interpretation."

March 25.—Senate Armed Services Subcomm. Hearings: Perle urges abandoning traditional interpretation, argues new version is the only "legally correct" one and is necessary for Congress to "make an intelligent decision" on the future of SDI. Sens. Hart, Levin, and Nunn object to Sofaer's refusal to make Treaty negotiating record available to the Committee.

May 18.—Fiscal Year 1987 Arms Control Impact Statement released, stating that the Reagan administration will adhere to the longstanding interpretation "as long as the (SDI) program receives the support necessary to implement its plan."

May 26.—Seven principal treaty negotiators declare their support for the longstanding interpretation and state that "the Treaty's text unmistakably bans the development and testing, as well as deployment, of all space-based strategic defenses."

LEGAL ISSUES RELATING TO REINTERPRETING THE ANTI-BALLISTIC MISSILE (ABM) TREATY

SUMMARY

The Reagan Administration's proposed new version of the ABM Treaty contradicts the ordinary meaning of the text, the Treaty's negotiating record, United States legislative history, and the subsequent practice of the US and Soviet Union. The reinterpretation also raises questions about whether the Administration is attempting to amend the Treaty without Senate approval or Soviet agreement as required by domestic and international law.

LEGAL ISSUES

Under established legal practice, disputes over the meaning of a treaty are resolved by considering the following:

1. The ordinary meaning of the text in light of the treaty's overall purpose;
2. The treaty's negotiating record—what the parties meant by the text;
3. US legislative history—the Senate's understanding of the treaty when considering whether to approve it; and
4. The subsequent practice of the parties in observing the treaty after it took effect.

The Reagan Administration's new version of the ABM Treaty fails each of these tests, which raises an additional legal issue: does the Administration's reinterpretation amount to amending the Treaty without the approval of the other party (the Soviet Union) and without the Senate's approval as required by US law?

1. THE ORDINARY MEANING OF THE TREATY TEXT

A Treaty is to be interpreted "in accordance with the ordinary meaning to be given its terms in their context and in light of its objects and purpose," states the American Law Institute (ALI) Restatement of the Law, a widely recognized expression of established legal principles (Restatement, 4/12/85, Section 325).

Context: The context of the ABM Treaty is clear from the Treaty's Preamble which states that "effective measures to limit anti-ballistic systems would be a substantial factor in curbing the race in strategic offensive arms" and in decreasing the risk of nuclear war. The historical context provides an unmistakable link between limiting defensive weapons and limiting offensive ones. The Treaty was negotiated as part of the SALT I effort to limit offensive weapons, and is considered to be essential not only to the SALT I agreement that was signed and approved by Congress, but also to the possibility of future limits on offensive weapons.

Purpose and Key Provisions:

The overriding purpose of the ABM Treaty is to prevent either side from obtaining a nationwide ABM system. The Treaty is proscriptive in nature: it bans nationwide ABM systems with two sweeping, unequivocable statements: (1) neither side shall deploy a nationwide ABM system or "provide a base" for one (Article I), and (2) nei-

ther side shall "develop, test or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based" (Article V).

The Treaty then permits one exception to the general ban on ABM systems: each side can deploy a limited fixed land-based ABM system at one site, and can conduct limited development and testing of such systems at specified test ranges (Articles III and IV and '74 Protocol). To prevent more powerful ABM systems based on new technologies from taking advantage of this exception and undercutting the ban on nationwide systems, the Treaty also provides that the deployment of fixed land-based ABM weapons based on technologies developed after 1972 would be subject to the Treaty's procedures for consultation and amendment (Agreed Statement D).

Reagan Administration Argument:

The Administration argues that the Treaty permits the development and testing of space-based and other mobile ABM weapons using new technologies. The argument is based on the Administration's reading of Article II which defines an ABM system and lists the components that ABM systems "currently" (in 1972) consisted of: ABM missiles, launchers, and radars. SDI research involves new technology ABM weapons that consist of different components such as sensors (rather than radars) and lasers (rather than missiles); the Administration argues that the development and testing of such new components is not covered by the Treaty.

As State Dept. Legal Adviser Judge Abraham Sofaer has said, the Administration's argument hinges on whether Article II provides a functional definition or an exclusive definition of ABM systems. Under a functional definition, the Treaty covers any ABM components (including those based on new technologies) that perform similar functions to the components listed in Article II. Under an exclusive definition, the Treaty would cover only those ABM components that existed in 1972: the Article II definition would exclude ABM components based on new technologies.

The Administration's argument flies in the face of the ordinary meaning of the text of Article II, as well as then Secretary of State Rogers' clear statement that "Article II(1) defines an ABM system in terms of its function." Article II defines ABM systems and then contains a crucial, deliberately placed comma; the relevant part of Article II reads as follows: "For the purpose of this Treaty an ABM system is a system to counter strategic ballistic missiles or their elements in flight trajectory, currently consisting of . . ." (emphasis added). Article II then lists the 1972-era components: ABM missiles, radars, and launchers.

For the phrase "currently consisting of" to limit the Treaty's coverage, as the Administration argues it does, it would have to read differently. The comma and the word "currently" would have to be replaced by the word "and." This change would tie the phrase tightly enough to the definition to limit it to 1972-era ABM components. But US Treaty negotiators have said that they deliberately insisted that the Treaty read precisely as it does, with the comma and the word "currently," so that the listing of ABM components which follows is illustrative of what such components consisted of in 1972, rather than a comprehensive listing of the only ABM components which the Treaty could cover.

In light of its context and its text, the ABM Treaty's clear purpose is to place major limitations on ABM weapons and encourage limits on offensive weapons. The Reagan Administration's new version of the Treaty would open a barn-door loophole that would allow large-scale development and testing of SDI, which the Soviets have repeatedly said would lead to a massive escalation of the arms race, including an arms race in offensive weapons. Thus, the Administration's new version of the Treaty is clearly contrary to the Treaty's ordinary meaning in light of its context and purpose. The Administration's position leads to the absurd conclusion that the ABM Treaty permits the development of powerful advanced technology ABM weapons and prohibits the development of ABM weapons using existing technologies.

2. TREATY NEGOTIATING RECORD

The negotiating record of a treaty consists of classified documents relating to the actual negotiations between the parties. The Reagan Administration argues that the negotiating record of the ABM Treaty justifies its new interpretation. But it has refused to show the relevant parts of the negotiating record to Senators on the Armed Services Committee who have requested to see it, and who have clearance to review classified material.

With the negotiating record unavailable, the public has to rely on the views of Treaty negotiators who created that record. In formulating its new interpretation, the Reagan Administration consulted none of the Treaty's negotiators except Paul Nitze who currently serves in the Administration. Such consultation would have indicated that many top-level US negotiators of the Treaty emphatically disagree with the Administration's reinterpretation. For example:

Gerard Smith, Chief US Negotiator, has denounced the new interpretation as erroneous and concluded: "If somebody said to me that I had shut the front door on current technology and left the back door open on new technology, I think President Nixon would have shot me." (Wall Street Journal, 10/22/85)

John Rhinelander, Legal Advisor to the US negotiating team, wrote in his 1974 book that the Treaty's effect on exotic ABMs is to "limit their development and testing to those in a fixed land-based mode." More recently, he has written that "Article II(1), including the comma and the words 'currently consisting of', was approved by the entire US delegation to make clear the Treaty was based on a functional approach." ("ABM Treaty Interpretation Dispute," House For. Aff. Subcomm. on Arms Control Hearings, 10/22/85, p. 172)

Lt. Gen. Royal Allison, the senior military official on the negotiating team: "Nowhere did I understand that we retained the right to development and full-scale testing of new systems. . . . I didn't have any doubt in my mind as to what the Soviets approved." (Wash. Post, 10/22/85)

Raymond Garthoff, who was involved in negotiating the text of Agreed Statement D: "There is no question in my mind that there was an identity of view among the American and Soviet negotiators" that Agreed Statement D (covering exotic deployment) did not override the ban on space-based ABM development in Article V. (Congressional Research Service interview, cited in CRS paper, "ABM Treaty: The Soviet View," 10/25/85)

Albert Carnesale, "Having been through the negotiations myself, having been on the [relevant] subgroup there, my understanding of the treaty has always been invariant: Article 5 means what it says, and prohibits development and testing regardless of the nature of the technology." (Science, 11/8/85)

3. US LEGISLATIVE HISTORY

Although negotiating records are classified, US legislative history is available, and is highly relevant to resolving disputes of Treaty interpretation under established legal practice. According to the ALI Restatement of the Law, when the President submits a treaty to the Senate for approval, his letter of transmittal is an important part of the legislative history, as are the Senate debates. The Restatement concludes that when he interprets treaties, the President "must respect" what he considers to be the Senate's general understanding of the treaty as revealed in its legislative history (Section 314).

The ABM Treaty's legislative history clearly indicates the Senate's understanding that the Treaty banned the development and testing of space-based exotic ABM weapons. Such evidence comes from the President's letter of transmittal, from statements by top level US officials under careful questioning by Senators, and from the floor debate.

President's Letter of Transmittal: President Nixon submitted the ABM Treaty to the Senate for its approval in a letter of transmittal that incorporated an accompanying Report by Secretary of State Rogers to the President. Secretary Rogers' report states unequivocally that: "*Article II(1) defines on ABM system in terms of its function* . . . noting that such systems 'currently' consist of ABM interceptor missiles, ABM launchers and ABM radars" (emphasis added). Under the functional definition as explained above, the Treaty covers both current and future ABM systems.

Senate Armed Services Committee Hearings:

Defense Dept. Written Statement elaborating on Defense Secretary Laird's response to a question about exotic ABM development: "There is . . . a prohibition on the development, testing, or deployment of ABM systems which are space-based . . . there are no restrictions on the development of lasers for fixed land-based systems." (6/6/72, pp. 40–41)

Dr. Foster, Undersecretary of Defense, in an exchange with Sen. Henry Jackson (D-WA) about lasers: "You can develop and test up to the deployment phase of future ABM systems components which are fixed and land-based . . ."

Sen. Jackson: ". . . but it says each party undertakes not to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based."

Dr. Foster: "That is correct." (6/22/72, p. 275)

Gen. Palmer, Acting Army Chief of Staff: "We can look at futuristic systems as long as they are fixed and land-based . . . that was a fundamental part of the final agreement." (6/19/72, p. 443)

Senate Floor Debate: Sen. James Buckley (Cons.-NY): in explaining his decision to vote against the Treaty, stated: "Thus the agreement goes so far as to prohibit the development of sea-, air, or space-based ballistic missile defense systems. This clause, in Article V of the ABM Treaty, would have the effect, for example, of prohibiting development and testing of a laser type system based in space. . . ." (Cong. Record, 8/3/72, p. S26703)

Reagan Administration Argument: The Reagan Administration argues that the legislative history is "mixed" and offers "fairly consistent support" for the new interpretation. But every statement cited by the State Dept.'s Legal Advisor in support of the new interpretation refers only to the Treaty's ban on the deployment of exotic ABM weapons. The Administration argues by implication that development and testing are allowed because they are not mentioned in the statements it cites. None of those statements explicitly deal with the key issue of whether development and testing of space-based exotic ABM weapons is allowed, which is the heart of the matter. None of the statements cited by the Administration are directly on point. They are all silent on the crucial issue.

But, as shown in the examples above, statements in the legislative history which do go to the heart of the matter are not silent. When Senators and defense officials focused on the key question of what kind of activity is permitted for exotic space-based ABMs, they answered that question clearly, unequivocally, and specifically: development and testing of exotic ABMs is limited to fixed land-based weapons, and is banned for space-based weapons. The Reagan Administration offers not one statement from the legislative history that specifically contradicts this view of the Treaty.

4. SUBSEQUENT PRACTICE OF THE PARTIES

The ALI Restatement of the Law holds that subsequent practice between the parties to a treaty "is to be taken into account in interpreting the agreement" (Section 325). The 1968 Vienna Convention on Treaties, which is recognized by the US as an authoritative statement on customary international law, also states that subsequent practice shall be considered.

Subsequent US and Soviet Practice: Since 1972, both the US and Soviet Union have complied with the traditional interpretation of the ABM Treaty which bans the development and testing of space-based exotic ABMs. Asked by Rep. Norman Dicks whether there was any evidence that either country had violated the traditional interpretation, Ambassador Paul Nitze, Special Assistant to the President for Arms Control Matters, answered that there was no such evidence. ("ABM Treaty Dispute" Hearings, p. 38)

Subsequent US and Soviet Interpretations:

The US View: Every US Administration since 1972 has understood the Treaty to ban the development and testing of space-based exotic ABMs. The official US position is contained in the President's annual arms control report to Congress which is jointly prepared and agreed upon by all interested government agencies including the Pentagon and the State Department. This Report, known as the Arms Control Impact Statement (ACIS), has clearly stated—in every year since the first report in 1978—that exotic development is allowed only for fixed land-based ABMs. For example, the ACIS report for FY85 states that:

". . . the Treaty allows development and testing of fixed land-based ABM systems and components based on other physical principles. . . . The ABM Treaty prohibition on development, testing and deployment of space-based ABM systems, or components for such systems, applies to directed energy technology (or any other technology) used for this purpose."

The Soviet View: Chief of the Soviet General Staff Marshall Akhromeyev has affirmed publicly that "Article V of the Treaty absolutely, unambiguously bans the development, testing, and deployment of ABM systems or components of space or mobile-ground [systems] . . . that are based on existing or future technology." (10/19/85)

Reagan Administration Argument:

In arguing that this traditional interpretation of the Treaty "has never been uniformly accepted," the State Dept. Legal Adviser cites a general statement about exotic ABMs from a short introduction to the ABM Treaty text in a publication issued periodically by the Arms Control and Disarmament Agency. The page and a half introduction carries very little weight in comparison to the President's annual report which is required by law and approved by top Administration officials. And once again the statement cited by the Administration is not directly on point. It is totally silent on the specific question of whether the Treaty bans the development of space-based exotic ABMs.

Although the Administration argues that the classified negotiating record indicates that the Soviet Union did not clearly agree to ban the development and testing of exotic space-based ABMs, the US Treaty negotiators cited above emphatically believe that the Soviets did agree to do so. The Administration is unable to offer any Soviet statements or actions as evidence that the Soviets have ever believed the Treaty allowed the development of exotic space-based ABM systems.

CONCLUSION

". . . the United States has now unilaterally revised [the ABM Treaty] in a radical fashion which goes to the heart of the bargain."—Gerard Smith, Chief US Negotiator (10/22/85)

The Administration argues that rather than changing the meaning of a treaty fourteen years later, it has simply discovered the Treaty's true original meaning by examining the negotiating record. The problem with this view is that it is contradicted by the ordinary meaning of the Treaty's text, the negotiator's views, US legislative history, and the subsequent practice of the parties. If the true meaning of the Treaty is in fact what virtually everyone had considered it to be before the Administration presented its new version in October, 1985, then the new version amounts to a major amendment of the Treaty, which raises serious questions of constitutional and international law.

Under established legal practice, the US must take two steps in order to amend a treaty. It must: (1) obtain the other party's approval of the amendment, and (2) submit the new version of the Treaty to the Senate for its approval (ALI Restatement of the Law, Section 334). the Reagan Administration has made no effort to take either of these steps.

The ABA Treaty established the Standing Consultative Commission (SCC) for the explicit purpose of resolving disputes relating to the Treaty, and the SCC has successfully facilitated resolving such disputes in the past. (See Campaign's Fact Sheet on the SCC.) But State Dept. Legal Advisor Sofaer has testified that, as far as he knows, the Administration did not discuss its reinterpretation with the Soviets in the SCC before publicly announcing it, and Ambassador Nitze has stated that the SCC Commissioner has not been given the authority to raise the issue. ("ABM Treaty Dispute" Hearings, pp. 42, 347)

Regarding the legal requirement of Senate approval of Treaty amendments, the Reagan Administration has taken no steps to obtain such approval and has refused to show the Treaty's negotiating record to Senators who have requested it in order to make an independent judgment about the Administration's reinterpretation. Although differing interpretations of domestic law are usually resolved through litigation, the courts might decide that a major issue involving an international treaty is a political question best resolved by other branches of government. Congress could resolve this issue through its power of the purse by requiring that no funds be spent on programs that would violate the traditional interpretation of the ABM Treaty.

STATEMENT BY ABM TREATY NEGOTIATORS SUPPORTING THE ESTABLISHED INTERPRETATION OF THE TREATY

As negotiators of the 1972 ABM Treaty with the Soviet Union, we reaffirm our support for the Treaty on the fourteenth anniversary of its signing. We concur with the view of six former Secretaries of Defense that this international agreement of unlimited duration makes an important contribution to American security and to reducing the risk of nuclear war.

We wish to confirm our view that the Treaty prohibits the development and testing, as well as deployment, of all space-based and other mobile-based ABM systems and components, regardless of whether they use 1972-era or newer technologies. This view of the Treaty is clear from the ordinary meaning of the Treaty text, the Treaty's negotiating record, the United States legislative history, and the subsequent practice of both the US and the Soviet Union. We believe that a careful reading of the classified negotiating record will support our position.

We are convinced that the Soviet negotiators shared our view that the Treaty bans the development, testing, and deployment of all space-based ABM systems and components. For fourteen years, Soviet statements and actions have been consistent with this view, and Ambassador Paul Nitze has testified that the Soviets have not violated the Treaty's clear ban on developing space-based exotic ABMs.

The Treaty's text unmistakably bans the development and testing, as well as deployment, of all space-based strategic defenses. Article V does so in unequivocal language that allows no exceptions. Agreed Statement D was intended to prevent fixed land-based ABM weapons using new technologies from being deployed in a way that could lead to a nation-wide ABM system. It further restricts the Article III exception to the general ban on nationwide ABM systems, an exception which permits a limited, single site, fixed land-based ABM system. To interpret Statement D in a way that would eviscerate Article V's ban on space-based ABMs, as some have suggested, would be tantamount to withdrawing from the Treaty. The language of Article II clearly indicates that the listing of 1972-era ABM components is illustrative, not definitive. Hence, Article II does not limit Article V's ban on ABM development, testing, and deployment to those ABM technologies known in 1972.

We believe that the Treaty's clear ban on the development and testing of all space-based ABM systems and components is crucial to its viability as a valuable agreement that promotes American security and could

lead to progress in limiting US and Soviet strategic weapons. We commend President Reagan for abiding by this traditional view of the Treaty and urge him to continue to do so.

(Signed)

POSITION ON SALT I DELEGATION:

Amb. Gerard C. Smith, Former Ambassador-at-Large; Former Director, Arms Control and Disarmament Agency (ACDA)—Head of SALT I Delegation.

Hon. Harold Brown, Former Secretary of Defense—Delegate-at-Large.

Amb. J. Graham Parsons, Former Ambassador to Sweden and Laos—Deputy Chairman of the SALT I Delegation.

Hon. Philip J. Farley, Former Deputy Director of ACDA—Alternate Chairman for SALT I Delegation.

Amb. Raymond L. Garthoff, Former Ambassador to Bulgaria; Senior Fellow, Brookings Institution—Executive Secretary of SALT I Delegation.

Hon. John B. Rhinelander, Former Deputy Legal Advisor of State Department—Legal Advisor to Delegation.

Dr. Lawrence D. Weiler, Former Counselor of ACDA—Advisor to the Chief Negotiator.

SELECTED QUOTATIONS ON REINTERPRETING THE ABM TREATY

Reagan Administration:

"It is our view, based on a careful analysis of the Treaty text and negotiating record, that a broader interpretation of our authority is fully justified. . . . [However,] our SDI research program has been structured and . . . will continue to be conducted in accordance with a restrictive interpretation of the treaty's obligations.—George Shultz, US Sec. of State (New York Times, 10/15/85)

This [longstanding] reading of the Treaty is plausible, but it is not the only reading; on the contrary, it has serious shortcomings."—Judge Abraham Sofaer, State Dept. Legal Advisor, House For. Aff. Comm. 10/22/85

Sen. Carl Levin (D-MI): Now, you said this morning that the broader interpretation is the only version we [the US] recognize to be legally correct. That was your testimony this morning?

Richard Perle: That is right.—Testimony (Sen. Armed Services Comm. Hearing, 3/25/86)

Soviet Position:

It is "inadmissible to interpret [treaties] in a unilateral and arbitrary manner. . . . What could be unclear about this [Article V's ban on space-based ABMs]?—Eduard Shevardnadze, Soviet Foreign Minister (Wash. Post, 10/25/85)

"Such [new] 'interpretations' of the ABM Treaty, to put it mildly, are deliberate deceit. They contradict reality. . . . Only this [the restrictive interpretation] and no other interpretation of the key provisions of the ABM Treatly. . . . was worked out and adopted by the two sides in the course of talks on this treaty."—Marshal Sergei Akhromeyev, Chief of the Soviet General Staff (Wash. Post, 10/25/85)

Rep. Norman Dicks (D-WA): ". . . is there any evidence either the US or the Soviet Union have violated the restrictive interpretation? I recall your answer was [a week earlier in San Francisco] an unequivocal no. . . ."

Paul Nitze: That was my response to you at the time, I believe that to be correct."—Testimony (House For. Aff. Subcomm., 10/22/85)

"The Soviets accepted this [Traditional] interpretation during the negotiations. . . . They have not taken any actions or made any official statements inconsistent with this interpretation."—John Rhinelander, Legal Advisor to US SALT I delegation (Arms Control Today, 10/85)

Arms Control Experts:

"This radical change . . . was apparently accomplished in secrecy without consultation with the Congress or US allies . . . "—Gerard Smith, (Letter to the Editor, NY Times, 10/23/85)

"Nowhere did I understand that we retained the right to development and full-scale testing of new systems. . . . I didn't have any doubt in my mind as to what the Soviets approved."—Lt. Gen Royal Allison, Former ABM Treaty Negotiator (Wash. Post, 10/22/85)

"This rationale [for the new version] is absurd as a matter of policy, intent, and interpretation."—John Rhinelander, Legal Advisor to US SALT I negotiating team, (House For. Aff. Subcomm. Hearing, 10/22/85)

"It is not clear whether the [new version of the ABM Treaty] . . . reflects incredibly shabby research and analysis done in haste or whether it represents a studied and disingenuous attempt to rewrite history."

"The Senate was absolutely clear beyond any doubt that this [the longstanding interpretation] was the interpretation on which it based its ratification. So I see deep constitutional] problems, a usurpation by the executive of the congressional role."—Alton Frye, Washington Director of the Council on Foreign Relations (Christian Sci. Mon., 10/17/85)

President Reagan's Scowcroft Commission called the Treaty "one of the most successful arms control agreements" and urged "extreme caution" in proceeding with ABM development beyond the bounds of the Treaty because of "the criticality of the ABM Treaty to further arms control agreements." (4/6/83)

Members of Congress:

"Frankly, I find the administration's new interpretation incredible. . . . [It] would legitimize Soviet antiballistic missile defense activities which the administration has been so critical of in recent days."—Rep. Dante Fascell, D-FL, Chairman House Foreign Affairs Committee (Press Release, 10/9/85)

The new version is "tantamount to revocation by theologians of the New Testament."—Sen. William Cohen, R-ME (NY Times, 10/31/85)

"This revision sets a dangerous precedent in our handling of international agreements and threatens the future of arms control. . . . This revision renounces history."—Sen. John Danforth, R-MO (Cong. Rec., 10/12/85)

"The President's recent redefinition of the meaning of the ABM Treaty has, I fear, effectively destroyed its value as a means of controlling new technologies that can undermine arms control. And the new interpretation of agreed statement D is preposterous."—Sen. Albert Gore, D-TN (Cong. Rec., 10/12/85)

"We have come up with . . . a revisionist theory of history. We do not like it [the ABM Treaty], so we therefore go back and reinterpret it in order to accommodate whatever plans we have."—Sen. Gary Hart, D-CO (Sen. Armed Services Subcomm. Hearing, 10/30/85)

"I think your new interpretation is off the wall."—Sen. Carl Levin, D-MI (Sen. Armed Services Subcomm. Hearing, 10/30/85)

The Reagan Administration has "redefined this treaty against established customs and usage, and I might add against the understanding at the time of the [1972] Senate hearings."—Rep. Norman Dicks, D-WA (House For. Aff. Subcomm. Hearing, 10/22/85)

Allies:

"The President . . . has wisely decided, in a step which bears the hallmark of statesmanship, to conduct the SDI within the restrictive interpretation."—Sir Geoffrey Howe, British Foreign Minister (London Speech, 3/17/86)

"I think there is a general sense in the allied governments that it is well to stick with the interpretation of the ABM Treaty that we have been using . . ."—George Shultz, US Sec. of State (NY Times, 10/25/85)

"Our stance toward SDI research is rooted in the need to conform strictly with the provisions of the ABM Treaty"—Canadian Sec. of State Joe Clark (House of Commons Statement, 1/23/86)

". . . personal letters from West German Chancellor Helmut Kohl and British Prime Minister Margaret Thatcher [to the White House] . . . claimed (in "hysterical" terms, one participant told us) that the policy announced by McFarlane [reinterpreting the Treaty] was intolerable in Europe."—Evans and Novak (Wash. Post, 10/21/85)

Columnists and Editorials:

"[McFarlane's reinterpretation] was a shocking statement. . . . the ABM Treaty is worth saving."—LA Times Editorial (10/16/85)

"For 13 years the treaty has been universally understood to mean what it says. . . . Now the claim is that it means the opposite. Out is in. Down is up. . . . [The new version] ought to embarrass the most brazen lawyer in town."—Anthony Lewis (NY Times, 10/14/85)

"I submit that the new administration position is, at the least, painfully labored. . . . [it] cuts across the professed American eagerness to gain firmer Soviet compliance with the ABM Treaty."—Stephen Rosenfeld (Wash. Post, 10/11/85)

"This tortured reading [referring to the new version] is ill-founded . . .; it also flies directly in the face of the clear unambiguous language of Article V. . . . The fundamental issue here is not what words may be read to mean, but what constitutes good faith between nations."—Tom Wicker, columnist (NY Times, 10/25/85)

The National Campaign to Save the ABM Treaty is a nonpartisan coalition of national organizations, arms control groups, and distinguished individuals including former government officials, military officers, and leading authorities in the arms control and national security field.

The Campaign Chairman is Ambassador Gerard C. Smith, Chief Negotiator of the ABM Treaty and the SALT I Agreement. Morton Halperin, former Deputy Assistant Secretary of Defense, chairs the Campaign's Steering Committee, which consists of representatives of the eleven affiliated organizations. The Campaign's 86 Sponsors are listed below, along with the member organizations.

The National Campaign seeks to educate government officials and the general public about the value of the ABM Treaty, the dangers that U.S. and Soviet military programs present to it, and the consequences for our security should the Treaty be terminated. The National Campaign carries out its educational work by developing and distributing printed materials on the ABM issue, promoting its views in the media, and

coordinating the activities of its sponsors and affiliated organizations on the issue of preserving the ABM Treaty.

CAMPAIGN SPONSORS

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Member Organizations: Arms Control Association, Center for Education on Nuclear War, Common Cause, Council for a Livable World, Federation of American Scientists, Lawyers Alliance for Nuclear Arms Control, League of Women Voters, Physicians for Social Responsibility, Professionals' Coalition for Nuclear Arms Control, SANE, Union of Concerned Scientists.

APPOINTMENT OF CONFEREES—H.R. 2211

Mr. CHAFEE. Mr. President, I ask the minority leader if he is ready to proceed with the appointment of conferees on H.R. 2211?

Mr. BYRD. Mr. President, I beg the Senator's pardon, if he will indulge me momentarily.

Mr. President, we are ready on this side to proceed.

Mr. CHAFEE. Mr. President, I ask that the Chair appoint conferees on the part of the Senate on H.R. 2211, the bankruptcy judges bill.

There being no objection the Chair appointed Mr. THURMOND, Mr. HATCH, Mr. GRASSLEY, Mr. DECONCINI, and Mr. HEFLIN, conferees on the part of the Senate.

Mr. CHAFEE. Mr. President, it is my understanding the minority leader has a resolution.

The PRESIDING OFFICER. The minority leader.

ENGROSSMENT OF SENATE RESOLUTION 422

Mr. BYRD. Mr. President, on behalf of Mr. KENNEDY I ask unanimous consent that in the engrossment of Senate Resolution 422 the text of the resolution shall read as follows: And I send the matter to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text follows:

S. RES. 422

Whereas on June 8, 1986, the Boston Celtics won the National Basketball Association Championship for 1986;

Whereas since 1946, under the leadership of Red Auerbach, the Boston Celtics have won sixteen world championships, three times as many as any other team in the history of the National Basketball Association;

Whereas in winning forty home games and losing only one home game during the 1986 regular season, the Boston Celtics have set a new National Basketball Association record for regular season home court victories;

Whereas K.C. Jones, in his third season as Coach of the Boston Celtics, has won his second world championship and has won more than sixty games in each of his three seasons;

Whereas Larry Bird of the Boston Celtics was named the Most Valuable Player in the National Basketball Association in 1986 for the third consecutive season;

Whereas Red Auerbach, K.C. Jones, Larry Bird, Dennis Johnson, Robert Parish, Kevin McHale, Danny Ainge, and Bill Walton have made the Boston Celtics of 1986 one of the greatest professional sports teams of all time;

Resolved, That the Senate of the United States of America joins with basketball fans in Massachusetts and across the nation in honoring the Boston Celtics for winning the National Basketball Association Championship for 1986.

CALENDAR

Mr. CHAFEE. Mr. President, I inquire of the minority leader if he is in position to pass any of the following calendar items:

Calendar No. 670, Senate Joint Resolution 169; Calendar No. 671, Senate Joint Resolution 196; Calendar No. 672, Senate Joint Resolution 304; Calendar No. 673, Senate Joint Resolution 346; Calendar No. 674, Senate Joint Resolution 350; and Calendar No. 675, House Joint Resolution 479.

If the minority leader is ready, I ask unanimous consent that the calendar items just identified be considered en bloc and passed en bloc and all committee amendments and preambles be considered and agreed to.

Mr. BYRD. Mr. President, the calendar orders that have been identified by the distinguished acting Republican leader have been cleared on this side. There is no objection to the numerous requests that have been made by the acting leader.

RELATIVE TO THE BICENTENNIAL OF THE FIRST PATENT AND COPYRIGHT LAWS

The joint resolution (S.J. Res. 169) to commemorate the bicentennial anniversary of the first patent and the first copyright laws was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 169

Whereas the Constitution empowers Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries";

Whereas the enforcement of this constitutional principle through specific patent and copyright laws merits special recognition;

Whereas the first patent bill signed into law on April 10, 1790, and the first copyright bill was signed into law on May 31, 1790, and we will recognize the bicentennial anniversary of these laws in 1990: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That special recognition be given during 1990, the bicentennial year of the first patent and the first copyright laws, and the President is authorized and requested to issue a proclamation upon the enactment of this joint resolution calling upon the people of the United States to foster such recognition through appropriate educational and cultural programs and activities.

AMERICAN BUSINESS WOMEN'S DAY

The joint resolution (S.J. Res. 196) designating September 22, 1986, as "American Business Women's Day" was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 196

Whereas the American Business Women's Association is a national educational association that promotes professional and educational advancement for women;

Whereas the American Business Women's Association awarded $2,900,000 in scholarships to over six thousand women in 1984, and has awarded more than $18,000,000 in scholarships since 1949;

Whereas the American Business Women's Association has more than one hundred and ten thousand members and two thousand one hundred chapters throughout the United States and its territories;

Whereas the American Business Women's Association encourages women to expand horizons, diversify skills, and set higher personal and career goals; and

Whereas Congress recognizes the important contributions of American businesswomen to our Nation's continuing vitality: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of American in Congress assembled, That September 22, 1986, is designated "American Business Women's Day". The president is authorized and requested to issue a proclamation calling upon the people of the United States to observe that day with appropriate ceremonies and activities.

NATIONAL ARTS WEEK

The joint resolution (S.J. Res. 304) to designate the week of November 22, 1986, as "National Arts Week" was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 304

Whereas the performing arts, the visual arts, and literature are central to human expression;

Whereas our identity as a people and as a nation is expressed through the arts;

Whereas support of the arts has been a partnership of Federal, State, and local government entities, business, and individuals;

Whereas a congressionally declared National Arts Week provides a focal point to celebrate the diverse cultural heritage of the United States and the vitality of contemporary writers, artists, and performers; and

Whereas a congressionally proclaimed National Arts Week brings together the public and private sectors to restate support of the arts: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of November 16, 1986, through November 22, 1986, is designated as "National Arts Week" and the President is authorized and requested to issue a proclamation calling upon the citizens of the United States to observe such week with appropriate programs and activities.

NATIONAL SAVE AMERICAN INDUSTRY AND JOBS DAY

The joint resolution (S.J. Res., 346) to designate June 21, 1986, as "National Save American Industry and Jobs Day" was considered.

Mr. METZENBAUM. Mr. President, I am pleased that the Senate is adopting Senate Joint Resolution 346, which I introduced to designate June 21, 1986, as "National Save American Industry and Jobs Day." This special day will help focus national attention on the need to "Buy American."

As a nation, we have benefited greatly from the ingenuity and productivity of American manufacturers and American workers. They have helped make all our lives better, easier and safer. Yet, today, the manufacturing segment of our economy is in serious trouble.

Part of the problem is that unfairly subsidized imports have flooded the U.S. marketplace, resulting in the loss of hundreds of thousands of manufacturing jobs. Many communities and livelihoods have been destroyed because of this overseas competition.

We cannot turn our backs on the workers and industries that have helped make this Nation strong. While setting aside a day to promote American industry and jobs is no panacea for our trade problems, it will demonstrate our Nation's confidence in the "made in America" label and support for American industry and American workers. That in itself is an important statement.

The resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 346

Whereas the United States has been a model of economic strength throughout history;

Whereas the manufacturing industries of the United States have grown continuously, have created a high standard of living for Americans, and now generate more than $1,500 billion of the annual gross national product of the United States;

Whereas the manufacturing industries of the United States have excelled in meeting the needs of consumers in the Nation and have responded to the needs of the United States and its allies during periods of armed conflict;

Whereas the United States maintains a policy of allowing the products of foreign industry to be sold in the United States with few restrictions;

Whereas such policy has helped to improve the economies of many foreign nations, particularly the economies of underdeveloped foreign nations;

Whereas, in many cases, the retail price of imported goods is artificially low due to subsidies by foreign governments;

Whereas the purchase of imported goods by consumers in the United States is having a detrimental effect on the manufacturing industries of the United States;

Whereas the officers of many manufacturing companies in the United States are restructuring their companies at a rapid rate because of reduced demand for many of the products manufactured in the United States;

Whereas such restructing has included the closing of many plants and the resulting loss of many jobs;

Whereas more than 8.5 million workers in the United States are unemployed, sales of products manufactured in the United States are generally not increasing, and the rate of pay for workers who continue to be employed has become depressed;

Whereas consumers in the United States should become aware of the origin of the goods such consumers purchase and the effect of buying imported goods on the manufacturing industries of the United States; and

Whereas the accomplishments and needs of the manufacturing industries of the United States and all employees of such industries should be recognized: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That June 21, 1986, is designated "National Save American Industry and Jobs Day", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

NATIONAL YEAR OF THE AMERICAS

The joint resolution (S.J. Res. 350) to designate 1987 as the National Year of the Americas was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 350

Whereas the tenth Pan American games will be held in Indianapolis, Indiana, in 1987;

Whereas the games will bring together more than six thousand athletes from thirty-seven national teams from the Americas to compete in twenty-seven different sports;

Whereas the games will be the largest such gathering which brings together people from Latin Americas, the West Indies, Canada, and the United States;

Whereas the games will symbolize both the unity and the diversity of the Americas, as well as celebrate the lasting friendship of the peoples of the Americas;

Whereas the occasion of the games provides a unique opportunity to welcome to this country the leaders and peoples of the Americas throughout the United States; and

Whereas the year 1987 can be and should be the time for a year long celebration of the peoples and cultures of the Americas: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the year 1987 is designated as "The National Year of the Americas" and the President is authorized and requested to issue a proclamation calling upon Federal, State, and local government agencies, private organizations, and the people of the United States to observe the year with appropriate programs, ceremonies, and activities.

NATIONAL FIRE FIGHTERS DAY

The joint resolution (H.J. Res. 479) to designate October 8, 1986, as "National Fire Fighters Day" was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the various measures were passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MEMORIAL MARKER IN ARLINGTON NATIONAL CEMETERY HONORING MEMBERS OF THE CREW OF THE SPACE SHUTTLE "CHALLENGER"

Mr. CHAFEE. Mr. President, I ask if the minority leader is prepared to accept a discharge of Senate Concurrent Resolution 134 dealing with the Veterans' Affairs Committee being discharged from further consideration of a sense-of-the-Congress resolution to place a memorial marker in Arlington National Cemetery honoring the members of the crew of the space shuttle *Challenger* who died during launch on January 28, 1986.

Mr. BYRD. Mr. President, there is no objection on this side to discharging the committee from further consideration of that resolution, and there is no objection to the adoption thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the concurrent resolution.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 134) expressing the sense of the Congress that the Secretary of the Army should place an appropriate memorial marker in Arlington National Cemetery honoring members of the crew of the space shuttle Challenger who died during launch of the spacecraft on January 28, 1986.

The Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to, as follows:

S. CON. RES. 134

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the Secretary of the Army should construct and place in Arlington National Cemetery a memorial marker honoring the seven members of the crew of the space shuttle Challenger who died on January 29, 1986, during the launch of the space shuttle mission 51-L, from Cape Canaveral, Florida.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL HOMELESSNESS AWARENESS WEEK

Mr. CHAFEE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 347.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 347) entitled "Joint resolution to designate the week of May 19, 1986, through May 24, 1986, as 'National Homelessness Awareness Week' ", do pass with the following amendments:

Page 3, line 3, strike out "of May 19, 1986, through May 24,", and insert "beginning June 22,".

In the eighth clause of the preamble, strike out all after "Whereas" down through and including "Detroit", and insert "many organizations".

Amend the title so as to read: "Joint resolution to designate the week beginning June 22, 1986, as 'National Homelessness Awareness Week'.".

Mr. LEVIN. Mr. President, Senate Joint Resolution 345 originally passed the Senate May 21, 1986, after which it was forwarded, and subsequently amended in the House on May 22. The House changed the commemorative date to June 22 and deleted all references to specific organizations. I certainly accept these changes. There are no objections from the 30 Senators who cosponsored this resolution. I would like to thank Senator THURMOND, chairman of the Judiciary Committee for his support and cooperation in this matter. I would also like to thank the other cosponsors of the resolution in addition to Senator THURMOND are Senators MOYNIHAN, ROCKEFELLER, D'AMATO, BRADLEY, ANDREWS, RIEGLE, METZENBAUM, MATSUNAGA, EAGLETON, KERRY, ZORINSKY, LAUTENBERG, DIXON, NUNN, PRYOR, BIDEN, BOREN, STENNIS, SIMON, CHILES, KENNEDY, HEINZ, PELL, MURKOWSKI, SPECTER, COHEN, GORTON, BOSCHWITZ, and KASSEBAUM.

Mr. CHAFEE. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

STAR PRINT OF THE REPORT TO ACCOMPANY S. 2069

Mr. CHAFEE. Mr. President, if agreeable with the minority leader, I ask unanimous consent that the report to accompany S. 2069, the Job Training Partnership Act, be star printed to reflect the following changes which I send to the desk.

Mr. President, I note due to a clerical error that a portion of the report was inadvertently omitted from the original printing.

Mr. BYRD. Mr. President, the request has been cleared on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

ELECTRIC CONSUMERS PROTECTION ACT

Mr. CHAFEE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 426.

The PRESIDING OFFICER laid before the Senate the following message from the House or Representatives:

Resolved, That the bill from the Senate (S. 426) entitled "An Act to amend the Federal Power Act to provide for more protection to electric consumers", do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Electric Consumers Protection Act of 1985".

SEC. 2. AMENDMENTS TO SECTION 7.

Section 7(a) of the Federal Power Act (16 U.S.C. 800(a)) is amended as follows—

(1) Insert "original" after "hereunder or".

(2) Strike out "and in issuing licenses to new licensees under section 15 hereof" and substitute a comma.

SEC. 3. ENVIRONMENTAL CONSIDERATION IN LICENSING.

(a) PURPOSES OF LICENSE.—Section 4(e) of the Federal Power Act is amended by adding the following at the end thereof: "In issuing any license under this Part for any project, the Commission shall give equitable treatment with the development purposes for which the license is issued to the purposes of energy conservation, the protection, mitigation of damage to, and enhancement of, fish and wildlife (including related spawning grounds and habitat), the protection of recreational opportunities, and the preservation of other aspects of environmental quality.".

(b) CONFORMING AMENDMENT.—Section 10(a) of such Act is amended by striking "purposes; and" and inserting after "recreational" the following: "and other purposes referred to in section 4(e)".

(c) FISH AND WILDLIFE PROTECTION, MITIGATION, AND ENHANCEMENT.—Section 10 of the Federal Power Act (16 U.S.C. 803) is amended by adding at the end the following:

"(j)(1) That in order to adequately protect, mitigate damages to, and enhance, fish and wildlife (including related spawning grounds and habitat) affected by the development, operation, and management of the project, in a manner that provides equitable treatment for such fish and wildlife with the other purposes for which the license is issued, each license, exemption, or permit issued under this Part shall include conditions for such protection, mitigation, and enhancement. Subject to paragraph (3) and section 30, such conditions shall be based on recommendations received pursuant to the Fish and Wildlife Coordination Act from the National Marine Fisheries Service, the United States Fish and Wildlife Service, and State fish and wildlife agencies.

"(2) The requirements of section 4(h)(11) of the Pacific Northwest Electric Power Planning and Conservation Act shall apply as provided in that Act to any license, exemption, or permit issued under this Part for a project within the area subject to that Act.

"(3) Whenever the Commission believes that any recommendation referred to in paragraph (1) may be inconsistent with the purposes and requirements of this part or other applicable law, the Commission and the agencies referred to in paragraph (1) shall attempt to resolve any such inconsistency, giving due weight to the recommendations, expertise, and statutory responsibil-

ities of such agencies. If, after such attempt, the Commission does not adopt in whole or in part a recommendation of any such agency, the Commission shall publish each of the following findings (together with a statement of the basis for each of the findings):

"(A) A finding that adoption of such recommendation is inconsistent with the purposes and requirements of this Part or with other provisions of law applicable to the project.

"(B) A finding that the conditions selected by the Commission comply with the requirements of paragraph (1).

Subsection (i) shall not apply to the conditions required under this subsection.".

SEC. 4. RELICENSING PROCEDURES.

(a) CONFORMING AMENDMENT.—Section 15(a) of the Federal Power Act is amended by striking out "original" in each place it appears and substituting "existing".

(b) RELICENSING PROCESS.—Section 15 of the Federal Power Act is amended by inserting "(1)" after "(a)" and by adding the following at the end of subsection (a):

"(2) Any new license issued under this section shall be issued to the applicant having the final proposal which the Commission determines is best adapted to serve the public interest. In making this determination under this section (whether or not more than one application is submitted for the project), the Commission shall consider and make findings respecting each of the following:

"(A) The abilities of each applicant to comply with (i) the articles, terms, and conditions of any license issued to it as a result of the application and (ii) other applicable provisions of this Part.

"(B) The plans of each applicant to manage, operate, and maintain the project safely and in accordance with this Act and the terms and conditions of the license.

"(C) The need of each applicant for the electric power generated by the project or projects. In the case of an applicant that is an Indian tribe applying for a license for a project located on the tribal reservation, a statement of the need of such tribe for electricity generated by the project to foster the purposes of the reservation may be included.

"(D) The plans of each applicant for the improvement and broad, efficient, and reliable utilization of the power potential of the waterway or waterways to which the project is related, together with other beneficial uses, including navigation, flood control, irrigation, recreation, water quality, and fish and wildlife.

"(E) The existing and planned transmission services of each applicant, taking into consideration system reliability, costs, and other applicable economic and technical factors.

"(F) In the case of a State or municipal applicant, or an applicant which is primarily engaged in the generation or sale of electric power (other than electric power solely from cogeneration facilities or small power production facilities), the electricity consumption efficiency improvement program of the applicant, including its plans, performance and capabilities for encouraging or assisting its customers to conserve electricity cost-effectively, taking into account the published policies, restrictions, and requirements of relevant State regulatory authorities applicable to such applicant.

"(G) The plans of each applicant to protect, mitigate damage to, and enhance fish and wildlife resources (including related spawning grounds and habitat) and to protect and enhance recreational and other environmental values (including providing recreational access).

"(H) The identity of any Federal or Indian lands included in the project boundary and a statement of the annual fees paid for such lands.

"(I) Plans of each applicant to adapt the project to any applicable State or Federal comprehensive plan (or plan issued pursuant to the Pacific Northwest Electric Power Planning and Conservation Act of 1980) for improving, developing, or conserving the waterway or waterways related to the project.

"(J) Such other information as the Commission may require.

"(3) In the case of an application by the existing licensee, the Commission shall also take into consideration each of the following:

"(A) The existing licensee's record of compliance with the terms and conditions of the existing license.

"(B) The actions taken by the existing licensee related to the project which affect the public.

"(b)(1) Each existing licensee shall notify the Commission whether the licensee intends to file an application for a new license or not. Such notice shall be submitted at least 5 years before the expiration of the existing license.

"(2) At the time notice is provided under paragraph (1), the existing licensee shall make each of the following reasonably available to the public for inspection at the offices of such licensee: current maps, drawings, data, and other information that the Commission shall, by rule, require regarding the construction and operation of the licensed project. Such information shall include, to the greatest extent practicable, pertinent energy conservation, recreation, fish and wildlife, and other environmental information. Copies of the information shall be made available at reasonable costs of reproduction. Within 180 days after the enactment of the Electric Consumers Protection Act of 1985, the Commission shall promulgate regulations regarding the information to be provided under this paragraph.

"(3) Promptly following receipt of notice under paragraph (1), the Commission shall provide public notice of whether an existing licensee intends to file or not to file an application for a new license. The Commission shall also promptly notify the National Marine Fisheries Service and the United States Fish and Wildlife Service, and the appropriate State fish and wildlife agencies.

"(c)(1) Each application for a new license pursuant to this section shall be filed with the Commission at least 24 months before the expiration of the term of the existing license. Each applicant shall consult with the fish and wildlife agencies referred to in subsection (b) and, as appropriate, conduct studies with such agencies. Within 60 days after the statutory deadline for the submission of applications, the Commission shall issue a notice establishing expeditious procedures for relicensing and a deadline for submission of final amendments, if any, to the application.

"(2) The time periods specified in this subsection and in subsection (b) shall be adjusted, in a manner to achieve the objectives of this section, by the Commission by rule or order with respect to existing licensees who, by reason of the expiration dates of their licenses, are unable to comply with a specified time period.

"(d)(1) In evaluating applications for new licenses pursuant to this section, the Commission shall not consider whether an applicant has, or has access to, adequate transmission facilities.

"(2) When the Commission issues a new license (pursuant to this section) to an applicant which is not the existing licensee of the project and finds that it is not feasible for the new licensee to utilize the energy from such project without provision by the existing licensee of reasonable services, including transmission services, the Commission shall give notice to the existing licensee and the new licensee to immediately enter into negotiations for such services and the costs demonstrated by the existing licensee as being related to the provision of such services. It is the intent of the Congress that such negotiations be carried out in good faith and that a timely agreement be reached between the parties in order to facilitate the transfer of the license by the date established when the Commission issued the new license. If such parties do not notify the Commission that within the time established by the Commission in such notice (and if appropriate, in the judgment of the Commission, one 45-day extension thereof), a mutually satisfactory arrangement for such services that is consistent with the provisions of this Act has been executed, the Commission shall order the existing licensee to file (pursuant to section 205 of this Act) with the Commission a tariff, subject to refund, ensuring such services beginning on the date of transfer of the project and including just and reasonable rates and reasonable terms and conditions. After notice and opportunity for a hearing, the Commission shall issue a final order adopting or modifying such tariff for such services at just and reasonable rates in accordance with section 205 of this Act and in accordance with reasonable terms and conditions. The Commission, in issuing such order, shall ensure the access necessary for the full and efficient utilization and benefits for the license term of the electric energy from the project by the new licensee in accordance with the license and this Part, except that in issuing such order the Commission:

"(A) shall not compel the existing licensee to enlarge generating facilities, transmit electric energy other than to the distribution system (providing service to customers) of the new licensee identified as of the date one day preceding the date of license award, or require the construction of new facilities, including the upgrading of existing facilities other than any reasonable enhancement or improvement of existing facilities necessary to carry out the purposes of this paragraph;

"(B) shall not adversely affect the continuity and reliability of service to the customers of the existing licensee;

"(C) shall not adversely affect the operational integrity of the transmission and electric systems of the existing licensee; and

"(D) shall not cause an increase (other than a possible de minimus increase) in the jurisdictional rates of the existing licensee.

Such order shall be for such period as the Commission deems appropriate, not to exceed the term of the license. At any time, the Commission, upon its own motion or upon a petition by the existing or new licensee and after notice and opportunity for a hearing, may modify, extend, or terminate such order.

"(e)(1) When a license is issued pursuant to this section to an applicant other than the existing licensee, the Commission may require the new licensee to provide reasona-

ble compensation to the existing licensee in addition to the amount required to be paid pursuant to subsection (a)(1). All of such compensation may be in money or electric power, or both.

"(2) In providing any compensation under this section, the Commission shall take each of the following into consideration:

"(A) The fact that upon expiration of its license under this Part, the prior licensee has no cognizable legal right to compensation for the license.

"(B) The extent to which the costs of the project have been amortized by the existing licensee.

"(C) The costs to the new licensee of duplicating the hydroelectric facility which is the subject of the license (including all power facilities, dams, and appurtenant structures and equipment), taking into account the remaining useful life of the facility.

"(3) The Commission shall promulgate regulations to implement this subsection. The regulations shall provide guidance for the Commission and applicants to follow in determining reasonable compensation in appropriate cases. Such regulations may provide for such compensation as the Commission finds to be appropriate toward the mitigation of any demonstrated economic loss to the customers of the existing licensee. The regulations shall not establish compensation which discourages competition for a project or provides a windfall for current ratepayers or to the existing or new licensee. The regulations shall be promulgated within 180 days after enactment of the Electric Consumers Protection Act of 1985.".

(c) CONFORMING AMENDMENTS.—(1) Section 15(b) of the Federal Power Act is redesignated as subsection (f).

(2) Section 14(b) of such Act is amended by striking out the first sentence.

SEC. 5. COMMISSION AUTHORITY.

Part I of the Federal Power Act is amended by adding the following new section at the end thereof:

"SEC. 31. ENFORCEMENT.

"(a) The Commission shall monitor and investigate compliance with each license and permit issued under this part and with each exemption granted from any requirement of this Part. The Commission shall conduct such investigations as may be necessary and proper in accordance with this Act. After notice and opportunity for hearing, the Commission may issue such orders as necessary to require compliance with the terms and conditions of licenses and permits issued under this Part and with the terms and conditions of exemptions granted from any requirement of this Part.

"(b) After notice and opportunity for an evidentiary hearing, the Commission may also issue an order revoking any license or permit issued under this part or any exemption granted from any requirement of this Part where any licensee, permittee, or exemptee is found by the Commission:

"(1) to have knowingly violated a final order issued under subsection (a) after completion of judicial review (or the opportunity for judicial review); and

"(2) to have been given reasonable time to comply fully with such order prior to commencing any revocation proceeding.

In any such proceeding, the order issued under subsection (a) shall be subject to de novo review by the Commission. No order shall be issued under this subsection until after the Commission has taken into consideration the nature and seriousness of the violation and the efforts of the licensee to remedy the violation.

"(c) Any licensee, permittee, or exemptee who violates or fails or refuses to comply with any requirement, rule, regulation, term, or condition referred to in subsection (a) or any order issued under subsection (a) shall be subject to a civil penalty in an amount not to exceed $10,000 for each day that such violation or failure or refusal continues. Such penalty shall be assessed by the Commission after notice and opportunity for public hearing. The Commission may compromise, modify, or remit, with or without conditions, any civil penalty which may be imposed under this subsection, taking into consideration the nature and seriousness of the violation and the efforts of the licensee to remedy the violation in a timely manner. No civil penalty shall be assessed where revocation is ordered.".

SEC. 6. AMENDMENTS CONCERNING CONDUITS AND CERTAIN SMALL POWER PRODUCTION FACILITIES SUBJECT TO PURPA BENEFITS.

(a) NMFS.—Section 30(c) of the Federal Power Act (16 U.S.C. 823a) is amended by inserting "National Marine Fisheries Service" after "the Fish and Wildlife Service" in both places such term appears.

(b) STATE OR LOCAL CONDUITS.—Section 30(b) of the Federal Power Act is amended by inserting after "15 megawatts" the following: "(40 megawatts in the case of a facility constructed, operated, and maintained by an agency or instrumentality of a State or local government solely for water supply for municipal purposes)".

(c) DEFINITIONS.—Section 3(17) of the Federal Power Act is amended as follows:

(A) Insert "and" at the end of clause (ii) of subparagraph (C).

(B) Add the following at the end of subparagraph (C):

"(iii) which complies with the applicable provisions of section 30(e) of this Act in the case of a hydroelectric generating facility involving the impoundment or diversion of the water of a natural watercourse by means of a new dam or diversion;".

(C) Add the following after subparagraph (D):

"(E) 'new' when used with respect to a dam or diversion refers to a dam or diversion which—

"(i) is used in connection with any small power production facility; and

"(ii) requires any construction, or enlargement of any impoundment or diversion structure (other than repairs or reconstruction or the addition of flashboards or similar adjustable devices);".

(d) REQUIREMENTS FOR QUALIFICATION OF NEW DAMS AND DIVERSIONS, ETC. FOR PURPA BENEFITS.—Section 30 of the Federal Power Act is amended by adding the following new subsection at the end thereof:

"(e) No small power production facility which requires the impoundment or diversion of the water of a natural watercourse by means of a new dam or diversion may be treated as a qualifying small power production facility unless each of the following requirements are met:

"(1) At the time of issuance of the license or exemption for the facility, the Commission includes in such license or exemption terms and conditions in accordance with subsection (c) to protect, mitigate damages to, and enhance fish and wildlife, including related spawning grounds and habitat and finds that the facility, after taking into consideration such terms and conditions and compliance with other environmental requirements of law applicable to such facility and the effects of such combination with other facilities on the same watercourse, will not have substantial adverse effects on the environment, including recreation or water quality. The Commission shall publish the basis for such finding. Such terms and conditions shall be established and enforced in accordance with the same procedures as provided in subsections (c) and (d).

"(2) The Commission determines, at the time of issuance of the license or exemption, that the facility is not located on any segment of a natural watercourse which is included (or is designated by law for potential inclusion) in a State or national wild and scenic river system or which the State has determined, in accordance with applicable State law and prior to issuance of the license or exemption, to possess unique natural, recreational, cultural, or scenic attributes.

This subsection shall not apply for purposes of section 210 of this Act (relating to interconnection authority).".

(e) FEES FOR STUDIES.—Section 30 of the Federal Power Act is amended by adding the following new subsection at the end thereof:

"(f) The Commission, in addition to the requirements of section 10(e), shall establish fees which shall be paid by an applicant for a license or exemption for a facility referred to in subsection (a) or (e) of this section. Such fees shall be adequate to reimburse the fish and wildlife agencies referred to in subsection (c) for any reasonable costs incurred in connection with any studies or other reviews carried out by such agencies for purposes of compliance with this section. The fees shall, subject to annual appropriations Acts, be transferred to such agencies by the Commission for use solely for purposes of carrying out such studies and remain available until expended.".

(f) UNAUTHORIZED CONSTRUCTION ACTIVITIES.—Section 30 of the Federal Power Act is amended by adding the following new subsection at the end thereof:

"(g) The Commission shall promulgate such rules as may be necessary to prohibit the commencement of any significant modification of any project licensed under, or exempted from, this Act unless such modification is in accordance with the terms and conditions of such license or exemption and the applicable requirements of this Part. As used in this subsection, the term 'commencement' refers to the beginning of physical onsite activity other than surveys or testing."

(g) EFFECTIVE DATES.—(1) The amendments made by subsections (d) and (e) of this section shall not apply to any project the license or exemption application for which was filed and accepted for filing by the Commission before the date of enactment of this Act, but section 10(j) of the Federal Power Act, as added by this Act, shall apply to such project unless the license or exemption was issued on or before the enactment of this Act.

(2) Section 30(e)(2) of the Federal Power Act, as added by this Act, shall not apply to any project for which the environmental consultation (in accordance with applicable regulations of the Federal Energy Regulatory Commission) was initiated on or before the enactment of this Act.

(3) The amendments made by subsection (f) of this section shall apply to all projects licensed, exempted, or permitted under the Federal Power Act without regard to when such license, exception, or permit was issued.

(h) STUDY.—(1)(A) The Commission shall conduct a study (in accordance with section 102(2)(C) of the National Environmental

Policy Act of 1969) of whether the benefits of section 210 of the Public Utility Regulatory Policies Act of 1978 and section 210 of the Federal Power Act should be applied to small power production facilities utilizing new dams or diversions (within the meaning of section 3(17) of the Federal Power Act).

(B) The study under this paragraph shall take into consideration the need for such new dams or diversions for power purposes, the environmental impacts of such new dams and diversions (both with and without the application of the amendments made by this Act to sections 4, 10, and 30 of the Federal Power Act), the environmental effects of such facilities alone and in combination with other existing or proposed dams or diversions on the same waterway, the intent of Congress to encourage and give priority to the application of section 210 of Public Utility Regulatory Policies Act of 1978 to existing dams and diversions rather than such new dams or diversions, and the impact of such section 210 on the rates paid by electric power consumers.

(C) The study under this paragraph shall be initiated within 3 months after enactment of this Act and completed as promptly as practicable.

(D) A report containing the results of the study conducted under this paragraph shall be submitted to the Committee on Energy and Commerce of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate while both Houses are in session.

(E) The report submitted under subparagraph (D) shall include a determination (and the basis thereof) by the Commission, based on the study and a public hearing and subject to review under section 313(b) of the Federal Power Act, whether any of the benefits referred to in subparagraph (A) should be available for such facilities and whether applications for preliminary permits (or licenses where no preliminary permit has been issued) for such small power production facilities utilizing new dams or diversions should be accepted by the Commission after the period specified in paragraph (2). The report shall include such other administrative and legislative recommendations as the Commission deems appropriate.

(F) If the study under this paragraph has not been completed within 18 months after its initiation, the Commission shall notify the Committees referred to in subparagraph (D) of the reasons for the delay and specify a date when it will be completed and a report submitted.

(2)(A) The Federal Energy Regulatory Commission shall not accept any application filed under the Federal Power Act after December 31, 1985 for a preliminary permit (or for a license where no preliminary permit has been issued) for a small power production facility utilizing a new dam or diversion (as defined in section 3(17) of the Federal Power Act) until not earlier than 180 consecutive legislative days (during which both Houses of Congress are in session) have elapsed after—

(i) the submittal of such report to Congress, and

(ii) the regulations of the Commission have been revised based on the determination under paragraph (1) and the requirements of sections 4, 10, and 30 of the Federal Power Act, as amended by this Act.

(B) Notwithstanding the expiration of the 180-day period referred to in subparagraph (A), if—

(i) the Commission has determined under paragraph (1)(E) that any small power production facility utilizing a new dam or diversion (as defined in section 3(17) of the Federal Power Act) should be treated as a qualifying small power production facility within the meaning of section 3(17) of such Act, and

(ii) a joint resolution of disapproval of such determination is introduced in both Houses,

such determination shall not be effective until after the adjournment sine die of the Congress in which such resolution was introduced.

(C) In the case of an application for a license for a project (where no preliminary permit has been issued) this paragraph shall not apply to such project if the required environmental consultation (in accordance with applicable regulations of the Federal Energy Regulatory Commission), was initiated before December 31, 1985.

(3)(A) In the case of any preliminary permit referred to in paragraph (1) issued on or before December 31, 1985, such permit shall be suspended temporarily for the period referred to in paragraph (2) if the required environmental consultations (in accordance with the Commission's regulations for such projects) have not been initiated before the enactment of this Act.

(B) The suspensions under subparagraph (A) shall not apply if the Commission, in its discretion, issues a notice within 180 days after such enactment exempting all or some of such permits from such suspension on the grounds that each permittee covered by such notice has proceeded diligently under the permit and has committed substantial resources toward completion of all requirements under the permit.

(C) The suspension under subparagraph (A) shall terminate at the expiration of the period referred to in paragraph (2).

(i) APPLICATION OF CERTAIN SUBSECTIONS.—The provisions of subsections (d), (e), (g), and (h) of this section are applicable only to small power producers and small power production facilities using new dams or diversion (all as defined in section 3(17) of the Federal Power Act) to the extent such producers and facilities obtain the benefits of section 210 of the Federal Power Act and section 210 of the Public Utility Regulatory Policies Act of 1978.

SEC. 7. EFFECTIVE DATE.

Except as otherwise provided in this Act, the amendments made by this Act shall take effect with respect to each license, permit, or exemption issued under the Federal Power Act after the enactment of this Act. The amendments made by section 5 of this Act shall apply to licenses, permits, and exemptions without regard to when issued.

SEC. 8. COMPLIANCE WITH BUDGET ACT.

Any provision of this Act (or any amendment made by this Act) which, directly or indirectly, authorizes the enactment of new budget authority described in section 402(a) of the Congressional Budget Act of 1974 shall be effective only for fiscal years beginning after September 30, 1986.

SEC. 9. PROVISION OF INFORMATION TO CONGRESS.

The Federal Energy Regulatory Commission shall keep the Committees of Congress which exercise legislative jurisdiction over the Federal Power Act fully and currently informed regarding actions of the Commission with respect to the provisions of part 1 of the Federal Power Act.

SEC. 10. ELECTION AND NEGOTIATIONS CONCERNING OTHER CONTESTED PROJECTS SUBJECT TO LITIGATION.

(a) APPLICATION OF SECTION.—This section applies to any relicensing proceeding initiated prior to October 1983 at the Federal Energy Regulation Commission involving the following projects: Mokelumne (No. 137), California; Phoenix (No. 1061), California; Rock Creek/Cresta (No. 1962), California; Haas-King (No. 1988), California; Poole (No. 1388), California; Olmsted (No. 596), Utah; Weber (No. 1744), Utah; Rush Creek (No. 1389), California; and Shawano (No. 710), Wisconsin. The numbers in this subsection refer to Federal Energy Regulatory Commission project identification numbers for the existing licensee. This subsection shall also apply to any subsequent relicensing proceeding for any such project involving the same parties which results from the rejection, without prejudice, of an application in any of the proceedings specified in this subsection.

(b) PROVISIONS NOT APPLICABLE IF ELECTION MADE.—If, in the case of each project named in subsection (a), the existing licensee fails to make an election under subsection (c) within 90 days after the enactment of this Act for negotiations under subsection (e), the provisions of the Federal Power Act in effect one day prior to enactment of this Act (and the amendments made by sections 3, 5, and 6(f) of this Act to the Federal Power Act) shall apply to the relicensing proceeding referred to in subsection (a).

(c) ELECTION PROCEDURES.—An existing licensee for any project named in subsection (a) may file an election with the Commission under this subsection. The election shall be filed in the manner required by the Commission. The election, subject to subsection (d), shall consist of an agreement that, in the case of the project concerned, the licensee will—

(1) enter into good faith negotiations under subsection (e) with each person (or group of persons) who filed a competing application for a new license for the project before October 7, 1983, and

(2) be subject to the provisions of this section.

Notice of the election to negotiate or the refusal thereof shall be filed with the Commission within the 90-day period.

(d) ACCEPTANCE OR REFUSAL TO ACCEPT ELECTION.—Within 45 days after receiving notice from the Commission of an election to negotiate made by the existing licensee under subsection (c) for an applicable project, each competing license applicant (or group of applicants) referred to in subsection (a) may—

(1) accept the election, withdraw the competing application, enter into good faith negotiations in accordance with this section, and agree to be subject to the provisions of this section, or

(2) refuse to accept such election.

If the election to negotiate is not accepted by the competing applicant (or group) within the 45-day period, the relicensing proceeding for such project shall be continued and a new license issued solely in accordance with the Federal Power Act, as amended by this Act (including the amendments made by this Act to section 7 of the Federal Power Act). Notice of an election to negotiate or refusal must be filed with the Commission within the 45-day period.

(e) NEGOTIATIONS.—If an election to negotiate is made pursuant to subsections (c) and (d) for any project, the existing licensee and

the competing applicant shall commence negotiations for each of the following:

(1) Compensation to be provided by the existing licensee for the reasonable costs incurred by the competing applicant which are related to pursuing—

(A) the application in the applicable relicensing proceeding, including the costs of preparing, filing, and maintaining such application for the period ending December 31, 1985, and

(B) the litigation in the courts involving the application of section 7 of the Federal Power Act to the applicable relicensing proceeding.

(2) Compensation in an additional sum (which may be in money or electric power or both) representing a reasonable percentage of the net investment of the existing licensee in the project, as of October 22, 1985 (as determined by the Commission, prior to the initiation of such negotiations, in accordance with section 14(a) of the Federal Power Act). In making the determination of net investment, the Commission shall utilize all relevant records and data (which the existing licensee shall provide to the Commission) applicable to the project for the term of the existing license through October 22, 1985.

The parties to the negotiations shall establish the method, period, and manner of providing all such compensation.

(f) COMMISSION ORDER.—If an election is made and accepted but negotiations under subsection (e) are not commenced by the parties within the time established by the Commission (or, if appropriate, in the judgment of the Commission, one 45-day extension thereof) or if a mutually satisfactory compensation arrangement that is consistent with the provisions of the Federal Power Act has not been executed within such time, the Commission, after notice and opportunity for a hearing, shall issue an order establishing compensation in accordance with paragraphs (1) and (2) of subsection (e). In determining the amount of compensation, the Commission may accept any stipulations agreed to by the parties as a result of the negotiations. The Commission shall also take into consideration all of the following:

(1) The quality of the relicensing proposals of the existing licensee and the competing applicant.

(2) The net benefits to both parties and their customers of obtaining the new license.

(3) The extent to which the applications filed by both parties were actively pursued (subject the effect thereon of any action by the Commission or the applicable litigation) and filed with the Commission in good faith.

(4) The extent of reliance by the competing applicant on the provisions of the Federal Power Act in effect prior to enactment of this Act and the detrimental impact of such reliance on the operations and on the service area of the applicant.

(g) COMPENSATION.—The order of the Commission under this section shall establish the method, period, and manner of providing compensation under subsection (f), and such other reasonable terms and conditions concerning such compensation, consistent with the Federal Power Act, as the Commission deems appropriate. Any payment over a period of time shall include interest compounded at a rate based upon outstanding obligations of the United States of comparable maturity. The payment period shall not exceed one-third of the new license term for the project. The order shall state the basis for the Commission's determination. The provisions of section 313 of the Federal Power Act shall apply to such order and determinations. The order (or any agreement reached by the parties by negotiation) shall be a condition of any annual license or new license (depending when the order is issued or agreement reached) issued to the existing licensee for this project. Nothing in this section shall be construed to affect the treatment, by a State regulatory authority for ratemaking purposes, of any compensation paid under this section.

(h) COMMISSION PROCEEDINGS.—Upon mutual request of the parties to any negotiation under this section, the Commission may defer any determination of net investment for the applicable project until whenever it is required to issue an order under this section for such project. No new license shall be issued under the Federal Power Act for the projects referenced in this section until there is full compliance, to the extent applicable, with this section. The Commission shall ensure that negotiations and any determinations and orders required by this section shall be conducted, made, and issued expeditiously and shall ensure that the parties do not delay.

SEC. 11. CHARGES FOR USE OF DAMS AND STRUCTURES.

Section 10(e) of the Federal Power Act is amended as follows:

(1) Insert "(1)" after "(e)".

(2) Add the following at the end thereof:

"(2) In the case of licenses involving the use of Government dams or other structures owned by the United States, the charges fixed (or readjusted) by the Commission under paragraph (1) for the use of such dams or structures shall not exceed 1 mill per kilowatt-hour for the first 40 gigawatt-hours of energy a project produces, 1½ mills per kilowatt-hour for over 40 up to and including 80 gigawatt-hours, and 2 mills per kilowatt-hour for any energy the project produces over 80 gigawatt-hours. Except as provided in subsection (f), such charge shall be the only charge assessed by any agency of the United States for the use of such dams or structures.

"(3) The provisions of paragraph (2) shall apply with respect to—

"(A) all licenses issued after the date of the enactment of this paragraph; and

"(B) all licenses issued before such date which—

"(i) did not fix a specific charge for the use of the Government dam or structure involved; and

"(ii) did not specify that no charge would be fixed for the use of such dam or structure.

"(4) Every 5 years, the Commission shall review the appropriateness of the annual charge limitations provided for in this subsection and report to Congress concerning its recommendations thereon.".

SEC. 12. MERWIN PROJECT GRANDFATHER.

The amendments made by this Act, except for the amendments made by sections 5 and 6(f), shall not apply to the Federal Energy Regulatory Commission proceeding involving FERC Project Number 935 (FERC Project Number 2791), relating to the Merwin Dam in Washington State.

Mr. CHAFEE. Mr. President, I move that the Senate disagree to the amendment of the House to S. 426 and request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MCCLURE, Mr. HATFIELD, Mr. WALLOP, Mr. MURKOWSKI, Mr. EVANS, Mr. JOHNSTON, Mr. FORD, Mr. METZENBAUM, and Mr. MELCHER conferees on the part of the Senate.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE EXECUTIVE CALENDAR

Mr. CHAFEE. Mr. President, I would like to inquire of the minority leader if he is in a position to approve the following nominations on the Executive Calendar, and I will take them en bloc: Calendar Nos. 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, and 806.

EXECUTIVE SESSION

Mr. CHAFEE. If agreeable with the minority leader, I ask unanimous consent that the Senate go into executive session in order to consider the nominations just identified, and that they be considered en bloc and confirmed en bloc.

Mr. BYRD. Mr. President, all of the nominations that have been identified by the distinguished acting Republican leader have been cleared by all Members on this side.

There is no objection to their consideration, and confirmation en bloc.

There being no objection, the Senate proceeded to the consideration of executive business.

NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATION PROGRAMS

Mr. CRANSTON. Mr. President, the Senate is about to vote on 17 nominations on the Executive Calendar for membership on the National Advisory Council on Women's Educational Programs. This council, initially established in 1974 under the Women's Educational Equity Act [WEEA], Public Law 93-380, is responsible for advising Federal officials and the public about the educational needs of women and girls. WEEA also established a program of Federal grants to advance educational opportunities for women, including development of projects and curricula to improve educational opportunities and to encourage more women to enter nontraditional areas, such as mathematics and science programs.

Mr. President, I have long been a strong supporter of WEEA. Evaluations of WEEA programs have demonstrated a positive effect. Teachers exposed to WEEA materials have shown increased awareness of sex-equity issues affecting classroom behavior. In

my own State of California, a WEEA grant was used by the Los Angeles Unified School District to support conferences and workshops for students and staff on such topics as nonsexist career options, math and science education and opportunities, and women in sports.

Another California WEEA grant was used by the disability rights education and defense fund in Berkeley to support activities to increase educational equity for disabled women and girls through development of a model curriculum and counseling materials to educate disabled teenage girls and young women on educational and career opportunities and for a national conference to bring together persons interested in educational equity and the special needs of disabled persons, particularly racial and ethnic minority disabled girls and women.

Another California WEEA grant went to the Chinese Cultural Foundation in San Francisco where it was used to develop a chronicle of nearly 150 years of Chinese-American women's history, detailing the lives, struggles, and achievements of Chinese-American women with special emphasis on those women who, amidst hardships and discrimination, made important contributions to their communities and society at large. This previously undocumented and unknown history of Chinese-American women is now used as a classroom curriculum, providing role models for Chinese-American girls.

Despite its record of success, the WEEA Program has been under constant attack by the Reagan administration, which has repeatedly proposed repealing the program. In 1982, the entire bipartisan National Advisory Council was replaced despite the fact that the terms for the existing members had not yet expired. The new members demonstrated little experience in the areas of educational equity or commitment to the program.

As a result, Congress in 1984 amended WEEA to include specific statutory requirements for the composition of the National Advisory Council. During the consideration of the 1984 amendments in the House of Representatives, one of the chief sponsors, Representative PAT WILLIAMS noted the need for this amendment: (This bill) also clarifies the role of the National Advisory Council on Women's Educational Programs, and specifies the kinds of expertise needed by the members of the Advisory Council. This description of the criteria for members of the Advisory Council is especially important for two reasons: First, several members that were appointed in recent years had political experience but no expertise in education; and second, since 1978, the number of citizens with special expertise in educational equity has increased dramatically so that we can now choose from a large number of citizens who have the kinds of backgrounds most appropriate and helpful for the Advisory Council." (CONGRESSIONAL RECORD, daily edition, July 25, 1984, H7789.)

Specifically, the 1984 amendments provide that the Council should include experts in a wide range of issues of educational equity for women at all levels of education, individuals who are representative of and expert in the educational needs of racial and ethnic minority women, older women, and disabled women, and both men and women who have demonstrated commitment to and expertise in the purposes of the act. (20 U.S.C. section 3346(a)(1)(A), (B), and (C), as added by section 406 of Public Law 98-511.)

COMPLIANCE WITH NEW STATUTORY REQUIREMENTS

Mr. President, on May 20, shortly before the Memorial Day recess, the Labor and Human Resources Committee unanimously ordered reported the nominations of the 17 individuals nominated by the President to serve on the Council. The following day, a little more than 24 hours after the committee action, I received a request to agree to a unanimous consent agreement to have the Senate immediately proceed to consideration of these nominations. At that time, I learned that the committee's action took place without a hearing on the nominations and that no written report had been filed.

It was thus extremely difficult to ascertain whether the new statutory requirements governing selection of this advisory council had been satisfied. I also learned that there were grave concerns among individuals and organizations concerned with the WEEA Program about the lack of hearings on the qualifications of these nominations. I therefore was unable to agree to the request to proceed with the nominations on May 21.

I subsequently asked Senator HATCH, the chairman of the Labor and Human Resources Committee a number of questions regarding these nominations. I will ask unanimous consent that a copy of my May 29, 1986, letter to Senator HATCH and his June 6 reply regarding these nominations be printed in the RECORD at the conclusion of my remarks.

Mr. President, in my letter I noted that, although the statute requires the membership of the council to include individuals representative of and expert in the educational needs of minority and disabled women, there did not appear to be any minority representatives. I also noted that the statute also requires the council to include both women and men who have demonstrated commitment to and expertise in the purposes of the act; yet, only 1 male was included among the 17 nominations.

Under the Ford and Carter administrations, the advisory council had consistently had three or four men and several minority members. Although President Reagan's 1982 appointments to the advisory council included no male members, they did include two minority women. The absence of a single minority individual among the 17 nominees thus means that for the first time since the council was established it will not include a single minority member.

Mr. President, in my letter to Senator HATCH I also asked whether it was his view that the statutory requirement regarding being "representative of" a particular category of a population—for example, minority or disabled individuals—was satisfied by appointment of an individual who was not a member of such population but had taught individuals in that population. I also asked whether it was his view that having only one male representative satisfied the statutory requirement regarding inclusion of "men" on the council.

Mr. President, Chairman HATCH replied to my inquiries in a letter dated June 6.

I appreciate very much the prompt and forthright response by Senator HATCH, expressing his view that the statutory language does not require that an individual, for example, be a member of a minority group or be disabled, to be "representative of" that population. It is also the chairman's view that inclusion of a single male on the 17-member council satisfies the requirement that both men and women serve on this council.

Mr. President, I am very concerned about the resulting lack of representatives on this council, in particularly the failure to include a single minority group individual among the 17 nominees. I believe that Senator HATCH's interpretation of the statutory requirement regarding "representative of" expressed in his June 6 letter reads the statute as if those words were not there at all. Under this interpretation, one need only be expert in the educational needs of disabled individuals or of minority individuals in order to be "representative of" those groups—a reading which renders the latter phrase nugatory.

I do not agree with the reasoning, analysis, or result reached in the chairman's letter. However, in view of the unanimous position of the Labor and Human Resources Committee that this slate of nominations satisfies the criteria set forth in the 1984 amendments, I do not feel, as a practical matter, that I can properly delay consideration of these nominations any further. I do, however, take this opportunity to register my opposition to the entire slate in terms of my view about the slate's failure to comply

with the statutory criteria for the council membership.

Mr. President, although I have not addressed the issue of "expertness" as required by the statutory criteria, it is evident to me that the qualifications of a number of these nominees would fall short under most standards used to determine whether an individual is an expert in a given field. Again, however, since the committee has already acted unanimously on these particular nominations, it serves little purpose to debate this issue further.

In my view, this is an important advisory council, which, in its early years, made important contributions to promoting educational equity for women and guiding the development of the WEEA programs throughout the Nation. It ought to be representative of all the populations served by the WEEA Program and provide vigorous leadership in this area. Therefore, I believe that efforts should be undertaken to clarify the statutory requirements to assure that some individuals who are truly "representative of" the populations specified and truly "expert" on the issues will serve on this Council in the future.

Mr. President, I now ask unanimous consent that the two letters to which I referred be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, May 29, 1986.

Hon. ORRIN, G. HATCH,
Chairman,
Committee on Labor and Human Resources, Washington, DC.

DEAR ORRIN: On May 20, the Labor and Human Resources Committee unanimously ordered reported 17 nominations of individuals to serve as members of the National Advisory Council on Women's Educational Programs. The following afternoon, Wednesday, May 21, barely 24 hours after the Committee action, I was asked to agree to a unanimous consent request for the Senate to proceed immediately to consideration of these nominations. At that time, I learned that although the statute (20 U.S.C. section 3346(a)(1)) authorizing the appointment of individuals to this Advisory Council had been amended in 1984 to include specific statutory criteria for its membership and composition, the Committee had held no hearings on these nominations and there was no report filed by the Committee to facilitate making a judgment as to whether the statutory criteria had been satisfied.

Therefore, I was unable to agree to the unanimous consent request to have these nominations brought before the Senate in such a rapid fashion.

My staff has also learned of the concern of individuals interested in the Women's Educational Equity Act regarding the failure of the Committee to hold a hearing on the qualifications of these nominations, particularly in light of the new criteria for appointment.

It is not my intention to delay unnecessarily the Senate's consideration of these nominations. However, I believe that it is necessary to make a judgment as to whether the newly enacted statutory criteria have been complied with. I have been furnished with copies of the questionnaires submitted by the nominees in which they each have indicated their own views as to how they meet the statutory criteria. I have also received a copy of a memorandum prepared by the majority staff of the Committee highlighting the criteria which the staff suggested each nominee exemplifies best.

The statute, of course, requires the judgment as to whether the statutory requirements have been met to be made by the Senate, not the nominees themselves. Therefore, I would appreciate your indicating, in the judgment of the Committee, which nominees and which of the nominee's experiences and characteristics satisfy the criteria set forth in the statute.

Specifically, which nominees:

(1) Are "experts in a wide range of issues of educational equity for women".

(2) Are "representative of and expert in the educational needs of":

(a) racial and ethnic minority women,

(b) older women, and

(c) disabled women.

(3) Have "demonstrated commitment to and expertise in the purposes of [the Women's Educational Equity Act]."

(4) Are "representative of and expert in student financial assistance programs".

(5) Are "students".

I also noted in the document prepared by the majority staff that in several instances a nominee was listed as exemplifying a particular criterion, for example, being representative of disabled or minority women, apparently based upon having taught disabled minority women or children. I would appreciate your advising me as to whether that, in your view, satisfies the statutory criteria in terms of "being representative of" disabled or racial or ethnic minority women, in addition to being "expert in" the educational needs of disabled or racial or minority women.

Finally, I would appreciate knowing your views as to whether having a single male member satisfies the statutory requirement that the Council include "both women and men" who have demonstrated commitment to and expertise in the purposes of the Act.

I appreciate very much your assistance in clarifying the record with respect to these nominations and the statutory criteria so that the Senate can proceed as soon as possible to exercise its statutory responsibilities with respect to these nominations.

If there are any questions about this request, please have your staff contact Susanne Martinez of my staff (4-3553).

With best regards,
Cordially,

ALAN CRANSTON.

COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC, June 6, 1986.

Hon. ALAN CRANSTON,
U.S. Senate,
Washington, DC.

DEAR ALAN: Thank you for your letter of May 29, 1986, informing me of your concern about the qualifications of the 17 nominees to the National Advisory Council on Women's Educational Programs (NACWEP) and the method in which those nominations were considered by the Senate Labor and Human Resources Committee. I hope my response will alleviate any concerns you might have on these issues.

As noted in your letter, the Committee did not hold hearings on these nominees, as originally requested by the Minority. A hearing was tentatively scheduled for this past January, but cancelled when the Democrats requested more preparation time. The Committee then scheduled a hearing for March 19, 1986, but, with the Minority's full support, we rescheduled this hearing for June 11, 1986, in order to markup S. 1965, the Higher Education Amendments of 1986, on March 19. Also, you might not know that the scheduled June 11 hearing, at the Minority's request, was to be for only the new nominees and the Chairwoman. In preparation for that hearing, the Minority prepared a questionnaire to be completed by all nominees.

However, well before the June 11 hearing, the Minority requested that the NACWEP nomination hearing once again be postponed to, I believe, July 26, so that a hearing scheduled for that latter date could be moved forward to June 11. We were reluctant to accede to this further delay because of the importance we attach to the functions of the Council and our desire to have it become operational as soon as possible.

At just about this time, however, the completed questionnaires were returned to the Department of Education, who sent them to my staff. My staff forwarded them to the staff of Senator Kennedy, the Committee's Ranking Minority member. After consideration by the full Minority side of the Labor and Human Resources Committee, they reported that, in the interest of having this important Council begin to operate, they felt sufficiently satisfied by the answers to the questionnaires to rescind their request for a hearing and to agree to have the names considered at the next markup. Consequently, there was no hearing, and no Committee report was issued on these nominations.

At that markup, prior to consideration of the nominees, as previously agreed, I accorded my colleague, Senator Kennedy, an opportunity to speak and to place a statement in the record of the markup. This statement reiterated the view of the Minority as to the serious nature of the new qualifications that had been established in 1984 and of the importance of the Council. I would add that I believe all Majority members of the Committee concur in the importance of both these new criteria and of the Council itself. I would also state that the Minority had specifically consented to the names of these nominees being voted upon as a group with all the other non-controversial nominees at this markup. Thus, I would note that all these 17 nominees were unanimously recommended to the Senate floor, with not one of them receiving a single negative vote.

Your letter also requests that I indicate "which nominees and which of the nominees' experiences and characteristics," in the judgment of the Committee, "satisfy the criteria set forth in the statute." I have attached a compilation of the nominees, their expertise, and the criteria upon which they were judged to be expert in that area for your information and review. This summation also was submitted to the Minority in late December. Furthermore, although they have been provided to you previously, I have again enclosed copies of the answered questionnaires, submitted to the Labor and Human Resources Committee Democrats, which they carefully analyzed before deciding to waive the necessity of a hearing.

You further inquire whether a nominee is "representative of" a particular category of a population now required in the Council's composition and described in the statute if a

nominee has taught that particular population. In response, I would refer you to the two words immediately following "representative of" in the newly established criteria. That is, the statute now requires "individuals who are representatives of and expert in the educational needs of. . . ." I certainly believe that the knowledge acquired by teaching a particular minority population provides expertise in the problems faced by that minority group. Anne Sullivan would certainly be described as expert in the educational needs of blind children following her experience with Helen Keller although she, herself, could see.

I additionally believe that members of particular groups—e.g., people who are handicapped or women who have had to leave school upon marriage or when beginning a family but are now trying to return to school—are as "representative" of and "expert in" these particular areas as if they had an advanced educational degree in one of these fields. In fact, they may be far more "expert" by virtue of their real life experiences than is the holder of an academic degree.

Your final question is whether a single male member satisfies the statutory requirement that the Council include both "women and men." I believe that it does. Rather than counting the specific numbers of each sex on the Council, I believe the Senate should concern itself with the qualifications of the nominees and their commitment to educational equality and excellence for women. I believe, further, that that is what each Senator on the Labor Committee had done before voting to approve these nominees.

Thank you again for your interest in the qualifications of the nominees to the National Advisory Council for Women's Educational Programs. I trust your review of the enclosed material will quickly alleviate any concerns you might have. If you do have additional questions, please do not hesitate to contact me personally or my staff, Bobby Dunn or Jack McGrath (4-0751).

Sincerely,

ORRIN G. HATCH,
Chairman.

NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATIONAL PROGRAMS

NOMINEES AND EXPERTISE

Betty Cordoba: Elementary Education, Secondary Education, Older Women.

Background History.—Educator; Vice President, Professional Educators of Los Angeles, CA; Treasurer, Professional Educator's Group; Vice President, Ventura Blvd., Republican Assembly; Vice President, San Fernando Valley Alumnae of Kappa Delta; Delegate, Los Angeles County, California, Republican Assembly.

B.S. from the University of Southern California.

Graduate courses from USC, UCLA, etc.

Elizabeth Adams: Community Education, Elementary Education, Secondary Education, Older Women, Arts & Humanities.

Background History.—Experience in community development of arts and humanities; trustee of Thacher School in Los Angeles, CA and Vice Chair of Development Committee and member of Education Committee; Trustee of the Marlborough School from 1969-1979 and member of Executive Council in 1980.

Marge Bodwell: Elementary Education, Secondary Education, Older Women, Math and Science.

Background History.—Teacher; member of Women Aware and ABWA; President of Republican Women.

BA in Chemistry from the University of Cincinnati.

Mary Jo Arndt: Adult and Higher Education, Elementary & Secondary Education, Continuing Education.

Background History.—Teacher and businesswoman; writer; Suburban Press Club of Chicago; American Women for International Understanding; Lombard Rotaryannes; Oak Brook Area Chapter, Zonta; PTA Council Legislative Chair; Legislative Consultant for District; head of Scholarship and Extension Committee for Northern Illinois University (1965-1967).

Judith Moss: Continuing and Adult Education, Higher Education, Disadvantaged.

Background History.—Attorney-at-law; member of Ohio State and local bar; Ohio Eagle Forum and Eagle Council; counselor and attorney for woman reentering educational systems.

BSBA—Ohio State University, 1975.

J.D.—Ohio State University, 1977.

I. Renee Robinson: Adult Education, Higher Education.

Background History.—Instructor in Foreign Service of Russian and Scientific Russian, Georgetown University; Morphologist and Interpreter, National Bureau of Standards.

BA from St. Joseph College, Tientsin, China (1941).

Virginia Tinsley: Elementary Education, Secondary Education, Adult Education, Disadvantaged, (All levels, community activities).

Background History.—Teacher; for executive director of the Tempe Community Council; President of Tempe Union High School Board in 1980 and 1982; Board of Directors, Arizona School Board Association; Board of Directors, Friends, of Channel 8; member of AAUW, Tempe, St. River Panhellenic.

BA, University of Denver.

Graduate work, George Washington University, College of William & Mary, Arizona State University.

Helen Valerio: Older Student, Disabled Student, Adult & Continuing Education.

Background History.—Senior Vice President, Papa Gino's of America, Inc.; member, National Restaurant Association; Financial Executive's Institute; New England Women's Business Owners, Executive Club; 1984 Women of Achievement in Business & Industry; Director Catholic Charitable Bureau of Boston; member, Weston Community League.

Graduate. Harvard University, various psychology courses.

Diana P. Evans: Older Student, Elementary Education, Secondary Education.

Background History.—Volunteer in Salem, OR, Public School; member, Oregon Historical Society; small business owner and rancher.

BA, Stanford University.

Lilli D. Hausenfluck: Student's Perspective, Higher Education.

Background History.—Member, Executive Women in Government; Vice President, Renaissance Women; President of Arlington Resources International; executive director of the Committee for Responsible Youth Politics.

MBA Candidate.

BS in Economics, Texas A&M University.

Marcilyn D. Leier: Vocational Education, Non-Traditional Education.

Background History.—Roseville Central Park Foundation; Camp Fire Girls Programs; numerous Republican Party activities.

Attended Hamline University.

Naomi Brummond: Vocational & Adult Education, Elementary & Secondary Education.

Background History.—Member of the Nebraska State Women's Committee and its nurses loan fund; Chairman of the Chapter 1 program for District 11; member of the Leadership Education Action Development Committee (provides $10 thousand dollar fellowships for students 25 to 40 years old).

Judith Rolfe: Vocational & Adult Education, Preschool Education Older Women.

Background History.—Chairman of NACWEP (appointed June 1985); teacher, Child Development Center at Montana State University; volunteer, Bozeman Deaconess Hospital and Extended Care Facility; member, board of directors Bozeman Junior Achievement program; member, expanding your Horizons (a project for women and girls in mathematics and science); officer, Longfellow Elementary Parent Advisory Council; judicial appointee, Juvenile Probation Advisory Council; member of the Superintendent and Parent Advisory Council.

Esther Kratzer Everett: Higher Education Elementary & Secondary Education, Adult & Continuing Education.

Background History.—Teacher-Advisor, Alfred Institute; lecturer, "Women's Financial Programs, Needs and Independence"; recipient, national award for the communicatively impaired, by National Council on Communicative Disorders; member, scholarship committee of Mother's Club of Buffalo; officer, University of Buffalo Community Advisory Council; first female president, University of Buffalo Business Alumni Association.

M.Ed. in Business Education—University of Buffalo.

Hazel Richardson: Higher Education, Student Financial Assistance, Vocational-Adult Education.

Background History.—Vice Chancellor for Governmental Affairs, University of California at Santa Barbara; member, Santa Barbara Junior League; member, Federation of Republican Women Scholarship program; member, Pi Beta Phi Sorority alumnae scholarship fund; fundraiser, Sansum Medical Research Foundation.

John Laird: Student Financial Assistance, Higher Education.

Background History.—Student financial aid officer, University of Wisconsin; member, Advanced Opportunities program committee (awards grants to minority students advancing to post graduate studies); advisor to University of Wisconsin Adult Learning Center; Advisor to University of Wisconsin Minority Services Office.

Della Newman: Elementary & Secondary Education, Higher Education.

Background History.—Member, Executive Women International (group provides financial assistance to women students based on a national/international competition); member, Board of Directors, Washington State Council on Economic Education; member, Washington State Personnel Board; advisor to Human Resources Division of Department of Personnel (board provides additional educational opportunities to state employees).

Mr. KENNEDY. Mr. President, I would like to take this opportunity to print in the RECORD on behalf of myself and the Democrats on the Labor and Human Resources Commit-

tee a statement of concern regarding the 17 nominees to the National Council on Women's Educational Equity. This statement was submitted during full committee consideration of these nominees.

Although many of the current nominees may broadly qualify for membership on this Council, I believe that Congress intended the Council to be composed of individuals who are expert in the educational needs of girls and women and individuals who are also representative of the groups served by the Women's Educational Equity Act. Over the past few years the Council has not been truely representative of the groups they are appointed to advocate for and I believe that a return to the bipartisan nature of the Council will not be realized during the present administration. I plan to carefully monitor the Council's activities in the future and I encourage the Council to actively demonstrate a commitment to educational equity for women.

I ask unanimous consent that the statement of the Democrats to which I earlier referred be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE DEMOCRATS—SENATE LABOR AND HUMAN RESOURCES COMMITTEE, MAY 14, 1986

We would like to express our deep concern regarding the Administration's demonstrated lack of commitment to educational equity for women and girls and the dramatic change in direction of the National Advisory Council on Women's Educational Program. Our concern is based on two facts: the absence of a commitment to the Women's Educational Equity Act and laws facilitating educational equity on the part of many of the Administration's nominees to the Council and; the dramatic decrease in activity in recent years.

Since the 1983 Supreme Court's *Grove City* decision, the Administration has openly refused to fully enforce Title IX. The National Advisory Council on Women's Educational Programs has stood silent while the Administration has sought to dismantle the laws and regulations which have helped women gain equal access to education. Since assuming office, the Administration has attempted to eliminate the National Advisory Council on Women's Educational Programs. Here again, most of the members of the Commission have stood silent against the Administration's actions in this area. In fact, this Reagan-nominated Council has made clear its partisan viewpoint by stating they "always have to maintain the Reagan philosophy," which in this instance means closing off educational opportunities for women.

We believe that many of the current nominees to the Council have little background in educational equity or related issues and that the Congressional intent regarding the Advisory Council is not being fully implemented. We strongly urge the Council to advise and report on educational opportunities for women and girls without reference to any administration's philosophy or legislative program.

We are in a time of crisis for women in education. The protections for young women in education provided by Title IX no longer exist. We must depend on the Women's Educational Equity Act programs and the equity provisions in the Vocational Education Act to help stem the tide of increasing educational discrimination. We must be diligent in our efforts to implement these programs. And, we must continue the fight to overturn the Grove City decision by enacting the *Civil Rights Act of 1986*.

For more than a decade, Title IX provided the necessary tools to break down the walls of discrimination against women and girls in education. This Administration is quickly rebuilding that wall by precluding passage of the *Civil Rights Act of 1986*. Both the National Advisory Council on Women's Educational Programs and the Reagan Administration should be directing all their efforts toward re-establishing that which is the right of every woman in this country—the right to obtain an education free from discrimination.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATIONAL PROGRAMS

Judith D. Moss, of Ohio, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Helen J. Valerio, of Massachusetts, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Elizabeth Helms Adams, of California, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Mary Jo Arndt, of Illinois, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

The following-named persons to be members of the National Advisory Council on Women's Educational Programs for terms expiring May 8, 1988:

Betty Ann Gault Cordoba, of California.

Irene Renee Robinson, of the District of Columbia.

Judy F. Rolfe, of Montana.

Diana Powers Evans, of Oregon, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1988.

Esther Kratzer Everett, of New York, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Hazel M. Richardson, of California, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1988.

Della M. Newman, of Washington, to be a member of the National Advisory Council on Women's Educational Programs for the remainder of the term expiring May 8, 1987.

John O. Laird, of Wisconsin, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1988.

Marge Bodwell, of New Mexico, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Naomi Brummond, of Nebraska, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Lilli K. Dollinger Hausenfluck, of Virginia, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Marcilyn D. Leier, of Minnesota, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Virginia Gillham Tinsley, of Arizona, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Senate now resume legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

□ 2130

ORDERS FOR WEDNESDAY, JUNE 11, 1986

RECESS UNTIL TOMORROW AT 10 A.M.

Mr. CHAFEE. Mr. President, I ask unanimous consent that when the Senate completes its business this evening, it stand in recess until 10 a.m. tomorrow, Wednesday, June 11, 1986.

RECOGNITION OF CERTAIN SENATORS

Mr. President, I further ask unanimous consent that following the recognition of the two leaders under the standing order, there be special orders in favor of the following Senators for not to exceed 5 minutes each: Senators HAWKINS, PROXMIRE, MATHIAS, GORE, MOYNIHAN, HUMPHREY, QUAYLE, BENTSEN, HEINZ, and MITCHELL.

ROUTINE MORNING BUSINESS

Mr. President, following the special orders just identified, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 11 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

RESUME CONSIDERATION OF H.R. 3838

Mr. President, following morning business, the Senate will resume consideration of the unfinished business, namely, H.R. 3838, the tax reform bill. Pending is amendment No. 2065 to

amendment No. 2064, both dealing with IRA's.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, I would say that votes will be expected throughout the day on Wednesday and into the late evening hours.

RECESS UNTIL TOMORROW AT 10 A.M.

Mr. CHAFEE. Mr. President, if there be no further business to come before the Senate, I now move, in accordance with the previous order, that the Senate stand in recess until tomorrow at 10 a.m.

The motion was agreed to and the Senate, at 9:16 p.m., recessed until Wednesday, June 11, 1986, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 10, 1986:

NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATIONAL PROGRAMS

Judith D. Moss, of Ohio, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Helen J. Valerio, of Massachusetts, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Elizabeth Helms Adams, of California, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Mary Jo Arndt, of Illinois, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

The following-named persons to be members of the National Advisory Council on Women's Educational Programs for terms expiring May 8, 1988:

Betty Ann Gault Cordoba, of California.

Irene Renee Robinson, of District of Columbia.

Judy F. Rolfe, of Montana.

Diana Powers Evans, of Oregon, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1988.

Esther Kratzer Everett, of New York, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1987.

Hazel M. Richardson, of California, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1988.

Della M. Newman, of Washington, to be a member of the National Advisory Council on Women's Educational Programs for the remainder of the term expiring May 8, 1987.

John O. Laird, of Wisconsin, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1988.

Marge Bodwell, of New Mexico, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Naomi Brummond, of Nebraska, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Lilli K. Dollinger Hausenfluck, of Virginia, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Marcilyn D. Leier, of Minnesota, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

Virginia Gillham Tinsley, of Arizona, to be a member of the National Advisory Council on Women's Educational Programs for a term expiring May 8, 1989.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

FAST FOOD LABELING

HON. JOHN H. CHAFEE

OF RHODE ISLAND

IN THE SENATE OF THE UNITED STATES

Tuesday, June 10, 1986

● Mr. CHAFEE. Mr. President, last month I introduced legislation (S. 2446) calling on the U.S. Department of Agriculture and the Food and Drug Administration to enforce Federal labeling requirements as they apply to fast food.

These requirements state that all food sold in a packaged form must bear a list of ingredients on its label. In the case of fast food, these laws have not been enforced. Thus, my bill does not create a new requirement, but simply seeks enforcement of an existing one.

The intent here is not to tell people what to eat or restaurants what to serve. It is simply to make the facts available, so that consumers get what they want—and only what they want.

Fast food is a staple in the American diet—and with good reason. Busy people—48 million of them a day—have come to rely on it for quick, inexpensive meals. Fast food doesn't have to to be high in saturated fat, sodium or sugar—and not all of it is. But unless we know what's in it, how can we tell the good from the bad?

Telling consumers what's in fast food would kick off a whole new kind of competition among the fast food giants. We'd get better quality food, and more choices. And we'd see new versions of old favorites—ones that taste just as good, but don't promote heart disease.

It's true, not everyone reads food labels—but we all benefit from them whether we read them or not. This is because product labeling forces a measure of honesty on those trying to get us to buy their products. And without reliable information, the consumer hasn't a leg to stand on.

This proposal continues to receive widespread support. The American Diabetes Association recently added its name to the list of consumer and health groups which have endorsed S. 2446. And in a recent editorial, The Atlanta Constitution embraced the concept of fast food labeling, stating that the lack of information about fast food ingredients is not only poor public policy, but could prove to be bad business as well.

Mr. President, I ask that copies of the ADA letter of endorsement and of the Atlanta Constitution editorial be reprinted in the RECORD.

The material follows:

[From the Atlanta Constitution]

FEDS SHOULD CHEW ON FAST-FOOD STANDARDS

If you are what you eat, then Lord knows what you are if, like millions of Americans, you make up any notable part of your diet at the counters of the nation's ubiquitous fast-food restaurants.

There are a few exceptions. The Atlanta-based Arby's chain provided listings of its ingredients to the Center for Science in the Public Interest in Washington. Joliet, Ill., has a law requiring all restaurants to disclose what type of fats they use; the mayor pushed it through after his bypass surgery. And now, in New York state, by way of settling a dispute over claims in its ads for chicken NcNuggets, McDonald's has agreed to begin giving customers brochures listing ingredients and nutritional data.

Most of us, however, are eating blind in this land of Whoppers and Chicken Planks. As a result, we are playing roulette with our allergies, with the management of some high blood pressures, with the potential for heart and vascular disease. We are unable to make what should be routine decisions about what we eat. A hamburger is not just a hamburger when it may have been fried in either saturated or unsaturated fats, may include this preservative or that, or no preservative, and may or may not be loaded with salt.

The ignorance is poor public policy and, long term, is almost sure to be bad business as well.

U.S. agencies have long conceded that, technically, the law requiring disclosure of ingredients in packaged or wrapped foods applies to the food served in franchise eateries, but the government brazenly has said it will not enforce the law on fast food unless compelled to. A petition by the public-interest science center calling for enforcement has been rejected by the Department of Agriculture and, almost a year after being filed, remains under study, if that's what it is, at the Food and Drug Administration.

Legislation will be introduced in Congress soon to order enforcement. Congress should adopt it. But lawmakers also should recognize that step as just a first one. Ingredients disclosure and nutritional data should be required of all restaurants.

The salute, after all, is *bon appetit*, not "lots of luck."

AMERICAN DIABETES ASSOCIATION, INC.,
Alexandria, VA, June 4, 1986.

Hon. JOHN CHAFEE,
U.S. Senate,
Washington, DC.

DEAR SENATOR CHAFEE: On behalf of the American Diabetes Association (ADA), the Nation's leading voluntary health organization representing the interests of over 11 million Americans with diabetes, I wish to convey our endorsement of S. 2446, legislation which would require fast food restaurants to provide a list of ingredients used in the food they sell.

Diabetes is a disease in which the body does not produce or properly use insulin, a hormone used to convert sugar, starches, and other foods to energy. A strict regimen of proper diet and exercise is critical to the management of diabetes and its complications by people who have "Type I" insulin-dependent diabetes and "Type II" non-insulin dependent diabetes. Therefore, persons with diabetes who dine in fast food restaurants must pay careful attention to the choices they make in order to avoid eating foods that might unnecessarily elevate their blood glucose levels. Unfortunately, there is little or no information available by which to judge levels of calories, sodium, fat, and sugar in the products offered by fast food restaurants. Therefore, people with diabetes often find they cannot avail themselves of the products offered by fast food franchises, or must select from a confusing array of choices with little or no nutritional or dietary information.

For this reason the ADA believes that S. 2446 would not only help the American consumer in general in making intelligent dietary choices, but would in particular allow people with diabetes make more informed and rational choices in fast food restaurants. We believe the timely introduction of your bill is yet another example of the growing awareness of the relationship between proper diet and good health, and stand ready to assist you in any way we can as the Senate considers this important legislation.

Sincerely,

SANDRA SEGAL POLIN,
Chairperson,
Committee on Government Relations.●

JAPANESE-AMERICAN COAL INDUSTRY

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. ROGERS. Mr. Speaker, recently Carl E. Bagge, president of the National Coal Association, delivered the keytone address at the Fifth Japan-United States Coal Conference.

Mr. Bagge's remarks are vitally important. Japan is one of the most important coal markets in the world today. Unfortunately, despite years of negotiation, Japan has consistently reduced their purchases of American coal and has even failed to comply with the minimal requirements of the Reagan/Nakasone Joint Policy Statement on Energy Cooperation.

Mr. Bagge's remarks not only point to the Japanese failure to purchase more American coal. But they also make clear how it is in the best mutual interests of our nations to build on this coal trade.

I would like to file Mr. Bagge's statement for the RECORD and to urge my colleagues to consider his comments.

The statement follows:

THE FUTURE GARDEN OF TRADE: EXQUISITE OR NEGLECTED?

To the honored Chairman of the Dai-Nippon delegation; to the other assembled daimyo of Japanese industry: You have the heartfelt thanks of all for the generous hospitality and the meticulous courtesy you accord us. Nevertheless I speak with a sense of sadness, of regret and, almost, of resignation.

It is unseemly so soon after what the President called the Triumph of Tokyo—the economic summit at which Japan won much honor—to draw attention to the Failure of San Francisco: Our unsuccessful joint attempt to increase Japan's purchases of U.S. coal according to the old agreement of your Prime Minister and our President.

But just as a carefully chosen, carefully placed rock in one of your exquisite gardens, the greater rests on the lesser; and on the bearing capacity of the small does the viewer's perception of the whole rest.

I want to be very clear on this so no one will assign unintended meaning to my words. The greater is the circle of free and trading nations; the lesser is each of the nations that benefit from this order: Japan, America, and all the others; no more, no less.

So speak I must.

The world has turned more than 730 times since Mr. Nakasone and Mr. Reagan reached agreement that Japan would buy more U.S. coal and told us to handle the details. It has turned these times since we began talking of how to do this. The sun has risen and set all these times, and many times has the moon swollen to and fallen from fullness.

As the Japanese proverb says, the full moon is doomed to wane. And all things change.

During this time children whose parents had not even been introduced when we last met have been born, have taken their first steps and have said their first words. The toddlers of that day have entered school. The trade deficit of the United States with Japan has risen from $21 billion to $49 billion. And coal purchases have yet to break the horizon.

Since we met in Norfolk in 1980, when you were desperate to have American coal, the world has turned more than 2,000 times. Mere schoolboys have become college graduates and novice businessmen. The trade deficit of the United States with Japan has breathtaking ascended from $12 billion to $49 billion. And coal purchases have descended from their zenith into the sea.

Mitsure ba kakuru: All things change, and the watchful eye begins to see patience shading into foolish hope.

When we met in San Francisco, I tried to convey to you a sense of urgency about our relationship as producers and users; about the relationship of our nations as the foremost trading nations of the world; and about the world trading order that should sustain Japan and all others in it: For each is to the other and to the whole as rocks are to the garden.

I said all these things are in peril. And they are moreso today, despite the Triumph of Tokyo and its new accords on trade tensions; and because of many situations such as the Failure of San Francisco.

Wanting deeply to engage your attention in San Francisco, I invoked your national folk symbol and discussed its similarities with ours. I was privileged to address you on that occasion in a paper entitled "The Sumurai and the Cowboy."

If some among you found offense in it, none was intended and I am regretful. But you must understand that it rang true among businessmen in America, in Canada, in Australia, and among the businessmen of many nations who face similar situations.

My inspiration then was true wisdom handed down in "A Book of Five Rings." Because an important friendship was at stake, I spoke frankly the mind of America; and I pleaded with you to use the skills Musashi recommended: The two-fold gaze of sight and perception, and the understanding of background timing; not to prevail, but to understand.

And I suggested that if you would see beyond America's distractions to our real soul you should read the Declaration of Independence. It is an earlier time's indictment and bill of particulars on mercantilist practices of another island trading nation that thought to use us only as a source of raw materials and minor items; but also to use us as a dumping ground for every kind of finished goods to the detriment of our development.

For the use of these insights and a real understanding on both sides appeared vital to our particular relationship; to the broader relationship of the world's two foremost trading nations; and to the even wide circle of the world trading order.

I urged you to examine the historic demand for a square deal in American culture, and the equally strong view of trade as a thing that should carry mutual benefit. I did so in the hope that frank talk could help make our mutual destiny one of harmony and not of discord.

And there was reason to hope 730 sunrises ago: The Nakasone-Reagan accords on coal were bright; and the Government of Japan was once again talking of liberalizing import policies, practices and customs.

In the interim additional market-opening moves were announced by the Government of Japan; we had the market-oriented, sector-specific talks; and we had endless visits with one another to talk about talking.

But the actions did not support the themes. Many now are beginning to say America is the only market open to the goods of all the world, including those Japan turns away whether by policy, practice or custom. And coal imports have set faster than the sun after it touches the horizon; have become as weak and thin as a new moon.

The beneficiaries must support the order, and many watch the specifics and the background. The American people do. So do the politicians they elect to make their policies. They are still watching. And the mood I warned of two years ago is deeper, despite the Triumph of Tokyo. Mood is shading into judgment.

Everyone gives Japan great credit for loosening its official hold on the yen to allow it to rise to its proper place among the world's currencies and the dollar. This credit is deserved.

There is high applause for the findings of the Maekawa Commission. It identified the troublesome things that bring pressure: Economic growth only through export; resistance to competitive imports; and other practices. We particularly find interest in the specific recommendation to increase coal imports.

And we welcome the Tokyo Summit's recognition of and emphasis on trade tensions, which are felt among your nonexporting industries as well as across America and throughout the order.

But we have learned that it is the little foundation rocks that uphold the theme of an exquisite garden, not the big, visible ones.

So in America there is receptivity to the Maekawa theme. But there will be no surprise if it comes to naught, or to grudging little because this is what experience is teaching.

In America there is hope for the goals outlined in the Triumph of Tokyo. But there will be no surprise if it comes to nothing but talking about the need to really talk—someday.

And if nothing happens Japan must not be surprised at the other things that happen in consequence, and fairly soon. There will be renewed determination, and demands for action and—most likely—action stronger than anything now pending in more than 500 trade bills in Washington.

Knowing our culture as well as you know yours, I sought to help Japan understand the need to support the idea of mutual benefit in trade; why this mood would grow.

I sought to reawaken the sense of mutual benefit we seemed to have established at Norfolk, when world politics and unrest made you desperate for American coal. All the world was desperate then. Ships of almost every nation waited at our ports.

Then Japan said: We have been your good customer; our metallurgical purchases for years supported your industry (and we did not answer that our steel market supported your export-oriented steel industry); and we want your coal because we must have a diversified, stable and dependable supply to survive.

And America responded. We did business as businessmen, but there was a sense of a special relationship. The American coal industry took every extra step that could be taken to ease Japan's burdens. The cost was considerable.

And in one year these preferences gave Japan nearly nine times more steam coal than the year before, despite a clamoring world. Yet the results of the Nakasone-Reagan accord and the STC say that if America relied only on Japan we were wrong to expand capacity; wrong to go to political war with the railroads on rates; wrong to improve port loading facilities.

By the way, we defeated the export rail rate exemption in court. And when the railroads recently attempted to recreate it, we let a reaction that was such as to cause them to withdraw it.

But movement toward implementing the accords has been almost without progress. Accordingly: We have withdrawn from the Standing Technical Committee; we have informed the President there will be no result from the once-bright accords absent the application of policy.

And these results say more to others who watch the whole of the garden that could be created by the circle of free and trading nations. They suggest Japan has taken a well-earned and proper place in this circle of nations; but that the heirs of the knowing leaders who started this rise do not accord America, or others, a proper place.

As a Japanese journalist recently wrote for the Washington Post, Japan's concept of this circle does not seem to extend beyond Japan. I assure you the other trading nations expect it to; for, although you have worked with will, Japan has benefited greatly from all nations in this circle of free and trading nations. The results also suggest I may have spoken too frankly for your customs.

There are some American coal producers who feel our efforts have been treated almost as representations by those who scheme to corner you with obligations; almost as those by mere money counters and worse.

I do not feel this way. I still have hope. So do the American metallurgical and steam coal producers and traders who are here. But you must ask yourselves: Where are the other faces that made the other conferences such large affairs? Where are the bulk of the steam coal producers? Why are they not here?

They are at home tending to business. For a number, more than geographic distance is involved in their absence.

Some among the missing have watched your increasing imports from Russia and China. Neither nation is necessarily friendly nor lacking in hard political motives nor hesitant in unexpectedly using trade as a political weapon. And neither has any long-term interest in Japan's prosperity in the circle of free and trading nations, or in the circle. One is outside the circle entirely; the other half in, half out. Those who watch also see the statistics on the Australian and Canadian trade.

And they make tentative conclusions. Some are concluding—as an Australian reader of the San Francisco paper told me he has concluded—that there are only six considerations in the Japan coal trade:

When coal is scarce, diversification, reliability of supply and long-term interests are the most important talking points while minor differences in price are dismissed as secondary; and,

When capacity is built up, the three remaining important items are price, price and price; but,

Never, never, never are they important at the same time or in a balanced way.

Some among the missing producers have decided they will not sell below the cost of production. By the way, this would be dumping in a truly open market, and subject to government remedy.

These producers feel America has lots of coal. They have time and a growing domestic market. It is an alternative to selling below cost. You also must ask yourselves: Would the Australians and Canadians like alternative markets, just as you like alternative suppliers? Does over-capacity eventually cure itself? Might not Australia and Canada balance the considerations as other Asian nations develop. Is the world ever really stable? Where are Japan's long-term interests, and markets?

For some American producers it has come to this: This time is a fork in the road from Norfolk; and absent the early substitution of action for talk, they are ready to take the alternative.

They will be friendly when you need them again. But they will be friendly as to strangers with whom no bond exists. They will sell coal when the full moon wanes, and at a fair price as always.

But this will be a commercial relationship as between money changers. Then it will be very, very, very difficult to again rally to consensus in this industry to make special exertions for Japan, and to create preferences. Then it will be three-times difficult to rally a consensus to take some of the political stands we have taken on proposed laws.

Those of this mind would be inclined to simply stand aside, and to let the $14 million Japan lobby in Washington handle things as best they could.

In San Francisco I sought to demonstrate the idea of mutual benefit on which rests the circle of free and trading nations.

I asked you to consider the millions of tons of steel you send to the United States. It is about 15 percent of what Japan exports even under current conditions.

Although restraints exist, no other large market is so open. You have an entitlement under these restraints to 5.8 percent of the market for finished goods. No single nation has anything to match it; it is greater than the EC share and no single nation comes close; it doubles most shares. Your industry was considered.

I also asked you to consider the 2.3 million automobiles you sell in the U.S. Despite relaxing voluntary restraints, no other nation has such a market, no other nation allows such access. The EC will not take half the cars you sell in America.

And I said there was a need to demonstrate an understanding of mutual benefit; for without such a showing all of these things could be peril.

Curiously, Japan's statistics say the purchase of more U.S. met coal during this time would have added no more than one-twentieth of one-one hundredth of a dollar to a ton of the high-priced finished steel products you sell in the United States. This is one-half mill in dollar terms; it also is a fraction of a yen even at yesterday's exchange rates.

But this did not happen. Now the other concerns that motivated this bluntness are coming to pass, despite the Triumph of Tokyo.

The Tokyo Summit of industrialized nations did give an elevated place to settlement of trade tensions, and this has stabilized the pressure, temporarily.

The Maekawa report does demonstrate awareness, and this has temporarily arrested the pressure; but no lowered it.

But if either or both of these only result in talk about talking, the tensions will not be reduced in America; they will be increased, and pressure will be redoubled with pressure.

At this point most Americans would be ready to take counsel from the folk wisdom set out in the saying: Fool me twice, shame on me. Many are close to this today, and not only in America.

Unusual things are being reported now in the periodicals and journals that influence and mold the American consensus, which exists no matter how disorderly it looks from the outside.

No longer is concern about the trade deficit disreputable. No longer are proposals to correct it soon seen as mere backward protectionism. No longer do only politicians talk about it.

Our observers, pundits and thinkers are looking and seeing other things. They see that the American economy pulled the world economy—including Japan's—through the recent recession by resolutely remaining open. They say: It was painful because many goods were unfairly traded; the cost was high. And it might not even have been fully intended. But it is result that counts.

Now one reads in Forbes Magazine that: The U.S. served the world well by allowing itself to become a dumping ground for the world's goods. But . . . the pain . . . is beginning to exceed the pleasure. Forbes said this, not Carl Bagge.

Or in the Washington Post that: It was an admirable rescue but it has gone on too long . . . it is time for Japan and Germany to take up the burden.

Even the classically-oriented Wall Street Journal is now giving space to opinion articles such as the recent one headlined: Japan and Adversarial Trade.

The opinion-makers are well beyond discussions of clever management techniques, of the work ethic, of quality circles or of cultural differences.

Now they notice the structural adjustments made up and down the American economy in the name of world trade, adjustments to accommodate not just Japanese goods but the goods Japan turns away from the Tiger Cubs and Baby Dragons of Asia; and for the goods of Europe as well.

They note that America takes 50 percent of the exports of the Third World, which compete with American workers; and that Japan takes only 8 percent; and that competitiveness is not necessarily a standard.

Meantime they report on some partners' protests about the need to protect this or that segment of their economies from structural readjustment. They find and report on things such as: The Japanese buttonmaker who can sell at home at 40 percent above world prices; and the Japanese sawyer who is protected and says every nation should protect its workers.

And the people learn that when your Minister of International Trade and Industry was in the Diet he said, I see nothing in America that Japan would want. Then they ask questions of themselves.

The examination is never-ending, and all things change. It is but half steps from respectability to consensus to law. If there is no willingness to modify what exists, the impression grows that a reordering will be done some way.

Many are close to acting against what they see as the thing that spurred the Declaration: A long train of abuses.

I have with me a copy of the Rahall Resolution from the House of Representatives. If you have only read of it and not seen it, I offer it to you now. It says the policy of the United States should be to link Japan's access to the American steel market to Japan's purchases of American coal—ton-out, ton-in.

Congressman Nick Rahall represents coal miners, productive coal miners. American mining productivity just increased another 5.7 percent in 1984. As a result the price of coal fell—again. Mr. Rahall's region was one of those that gave birth to the revolutionary spirit, which has not passed away.

Meantime the House of Representatives is ready to act on a bill to allow swifter, harsher dealing with goods found to be unfairly traded. It even deals with previously untouched areas such as targeted goods. It also contemplates balancing Japanese steel and U.S. coal.

If you have read of Senator Danforth's remarks here—Japan is a great nation and should act as one—you know the Senate is no less interested. There is specific interest in coal. Congressmen and many Senators who have to seek re-election this fall are making correction by law a major part of their campaigns.

So, yes the rise of the yen eased the pressure; and,

Yes, the Maekawa Commission and the Triumph of Tokyo can hold back the pressure; and,

Yes, President Reagan wants the world trading order to be self-correcting.

But he has only two years in office, and even he has said he will not allow the United States to be taken advantage of. As an earlier President Jefferson said: No more

good must be attempted than the nation can bear. And the next President may choose to deal with it differently—much differently—if there is no change. Left unbalanced, uncorrected, the trading order could be the issue that elects the next President.

If Japan's politics is difficult in regard to opening markets to more competitive imports, Japan must finally understand that ours is equally difficult in regard to closed markets when our market is open, or when it gives consideration to a partner.

Japan must understand that each round of talking about talking only doubles the pressure. Only tangible change can end it. Only sturdy, firmly set small rocks can sustain the great rocks that make the garden what it should be.

Coal trade is such support for the present, and for the Maekawa Commission, just as the Commission's changes can be for the trading order. I hope this report causes your awesome consensus system to work in its favor, because ours is hard at work.

I now point to two specific Maekawa recommendations: First, to concentrate on needed public works here to cause growth from within, and to take up goods from trading nations just as you send them out; and second, to reduce Japan's coal production by half.

Public works mean steel and cement. Steel and cement mean coal and electricity generated from coal. Japan's coal sells for $20-to $25 a ton more than U.S. coal, which you get CIF Japan at the approximate price CIF and Canadian coal.

So a representative share of this new demand of at least 9 million tons would be a support of and a signal about all the change promised by the Maekawa Commission and implied by the Triumph of Tokyo.

As you deal with the Maekawa recommendations there are signs all the watching nations will read.

The first is whether you take them up at all. The second is whether you take up grudgingly after months or years of talking about the difficulties of implementation from behind substantially closed markets, and never mind why they are closed. And a third is whether you take them up willingly.

If you take up public works, more coal from Russia and China will mean one thing. More from Australia and Canada will mean something else, but something similar.

And no coal, or grudging acceptance of minimal amounts, from the U.S. may be taken widely as verification of tentative judgments by those who have made them: In coal, in industry, in politics and among opinion-makers and then the public.

In coal those who are withholding judgment would decide it is time to tend to their own business and do business as usual—at a distance; first come first served; no preferences; every man for himself, and the devil take the hindmost.

Overall, little or only grudging improvement would put our now-idling consensus system back in high gear.

Some say Japan will not do these things. I disagree. I know the will of Japan is awesome to behold and irresistible in its force.

It is only a question of whether your nation will recognize the circle of free and trading nations, and the idea of mutual benefit. The rest follows as the sunrise follows night.

All things change, even excess capacities. But skillful businessmen of awareness can determine the shape and effect of that change just as knowing workmen make gardens exquisite or ordinary by their placement of the little rocks.

Again, to the honored chairman of the Dai-Nippon delegation, to the assembled daimyo of Japanese industry: I have spoken in sadness, in regret and, almost, in resignation. Our goal was a strictly commercial conference, and I have outlined the things shaping tomorrow's commerce as they exist today.

If my words are unseemly to some, they also are accurate in regard to tentative judgments being made in America. And among other free and trading nations. I urge you to think deeply about them. Thank you for your magnificant hospitality and meticulous courtesy. The world is watching. The world is waiting. Let's roll up our sleeves and make an exquisite garden that shows the world how it should be done.

SHOULD YOU BELIEVE THE PENTAGON'S CLAIMS ON CHEMICAL WEAPONS? LOOK AT THE 5-YEAR HISTORY OF THEIR FALSE INFORMATION ON THE PROGRAM

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. EDGAR. Mr. Speaker, our colleague DANTE FASCELL, the distinguished chairman of the Foreign Affairs Committee, has been a leader in the fight against the production of new nerve gas weapons. Today he is releasing a new report on the Bigeye binary nerve gas bomb that confirms many of our fears about the danger and unreliability of the proposed new generation of nerve gas.

Last year, Congress narrowly approved resumed production of these deadly and redundant weapons, but only after requiring that several strict conditions be met before production could be started on October 1, 1986.

Primary among these was a stipulation that production of binary nerve gas could begin only if performance specifications were met. The General Accounting Office [GAO] report released today by Representative FASCELL indicates that the Bigeye binary nerve gas bomb is so flawed "the GAO believes the bomb is not ready for production."

After an extensive study, commissioned last year by Representative FASCELL, the GAO concluded that:

From the data we have reviewed, we do not believe the Bigeye has met its technical specifications and should not be undergoing operational tests until these specifications are met.

Furthermore, the GAO found that:

While more developmental testing may be able to answer some of the unresolved questions, other questions appear to be intractable and not likely to be solved.

Mr. Speaker, for several years I have worked with Chairman FASCELL and other Members of the House to point out that the Nerve Gas Program is an unworkable boondoggle. We have adequate existing stockpiles of nerve gas weapons; we don't need more. We don't need a new race to build a weapon that will kill more civilians than soldiers. We don't need to frustrate progress in negotiations toward a chemical weapons ban. We simply don't need more nerve gas. What we do need is to save taxpayers the quarter of a billion dollars scheduled for the Nerve Gas Program now and billions more in years to come.

At this point I am inserting into the RECORD a chronological fact sheet on the production of binary nerve gas, giving the history of the Pentagon's claims about nerve gas and the actual production record of the Bigeye bomb. Also I am placing in the RECORD Chairman FASCELL'S statement on the GAO report, which provides details of the GAO's findings on the inadequacies of the Bigeye nerve gas bomb:

FACT SHEET

1982: The Pentagon asked for the first procurement funds for the Bigeye chemical weapons bomb:

The Pentagon said it was ready to begin work on the Bigeye bomb. During the House floor debate on July 22, 1982, several House members rose to defend the new weapons as adequately tested. Said Rep. Jim Courter, "There have been a lot of statements made during the past few hours that binary weapons have not been tested. Nothing is further from the truth. They simply have." Said Rep. Sam Stratton, "[Binary weapons] would not explode even if they were driven up and down the ski slopes of Colorado."

But in fact, Pentagon tests in 1982 were beginning to show problems with the Bigeye:

According to former Arkansas Rep. Ed Bethune during the 1983 House floor debate on chemical weapons, the Pentagon first discovered the Bigeye bomb had problems in June 1982 and had a serious Bigeye bomb test failure on October 7, 1982.

1983: The Pentagon renewed its request for Bigeye bomb production funds:

"However, during the [1982] debate the Bigeye was critized (albeit without any supporting evidence) as being unreliable . . . A decision on the Bigeye should be based on the best information available, not on unsubstantiated opinion." [*Source: Written response by Defense Secretary Casper Weinberger to question from Sen. Sam Nunn, from hearings before the Senate Armed Services Committee, February 1, 1983*]

Then the Pentagon itself announced in 1983 that it had discovered problems with the Bigeye bomb:

"The Pentagon has asked Congress to defer $43 million it had sought for production of the controversial Bigeye binary chemical bomb because it has discovered that the bomb could explode on its own and spew deadly nerve gas while being carried by an American aircraft."

" 'The problem was discovered late last year,' Dr. Ted Gold, deputy for chemical matters in the office of the assistant to the secretary of defense, said yesterday. 'But we believe a solution is in hand.' " [Source: Washington Post, May 3, 1983, article by Walter Pincus]

1984: The Pentagon said that it has solved its problems with the Bigeye bomb that had been found the previous year:

"The Bigeye program, from a technical standpoint, is in better shape this year. The problem (pressure buildup in the event the bomb could not be dropped after mixing) that delayed the Bigeye program has been addressed and the solution (not mixing until after the bomb is dropped) demonstrated . . . Based on testing to date, we expect that the Bigeye will perform as required and add an essential capability to our chemical de-

terrence posture." [*Source: Dr. Theordore S. Gold, Deputy Assistant to the Secretary of Defense for Chemical matters, testimony before the Senate Armed Services Subcommittee on Strategic and Theater Nuclear Forces, April 26, 1984*]

Yet the GAO 1984 found continuing problems with the Bigeye:

"Technical problems still plague the Bigeye bomb development . . . Further, the Bigeye bomb cannot meet the operational temperature requirement (minus 40 degrees Fahrenheit to 140 Fahrenheit) for producing VX with the minimum purity percentage." [Source: GAO report of October 23, 1984]

1985: The Pentagon reported again that it had fixed the Bigeye bomb problems:

"Bigeye bomb developmental problems identified by DOD and reported to you in GAO reports have been corrected, and the Bigeye bomb has been tested to confirm the fixes made. All problems have been fixed. The Bigeye today is success story." [Source: Dr. Thomas J. Welch, Deputy Assistant to the Secretary of Defense for Chemical matters, testimony before Senate Armed Services Committee, February 28, 1985]

In June 1985, the GAO discovered that despite Pentagon claims, the Bigeye bomb still does not work:

"The Bigeye bomb, centerpiece of President Reagan's $174 million plan to modernize the U.S. chemical weapons arsenal, remains technically flawed despite seven years of testing, according to the General Accounting Office."

"In preliminary findings presented to the House Foreign Affairs Committee Chairman Dante B. Fascell (D-Fla.), the GAO reported that in eight of its last nine tests by the Army, the bomb had not produced a sufficiently lethal chemical reaction at high temperatures." [Source: Washington Post, May 31, 1985, article by Michael Weisskopf]

1986: The Pentagon testified that it can deal with any Bigeye problems:

"A deep strike weapon is a critically needed deterrent system and we are confident that we can meet the technical challenges identified during the first phase of Bigeye operational testing." [Source: Statement to Senate Armed Services Committee by Dr. Thomas J. Welch, Deputy Assistant to the Secretary of Defense for Atomic Energy and Chemical Matters, April 10, 1986]

The GAO, in a May 1986 report, has concluded that Bigeye is still a disaster:

"After analyzing the available data on the Bigeye bomb, GAO believes the bomb is not ready for production."

"From the data we have reviewed, we do not believe the Bigeye has met its technical specifications . . . We conclude that while more development testing may be able to answer some of the unresolved questions, other questions appear to be intractable and not likely to be solved, given the 30-year-old technology being used." [Source: GAO report of May 1986 entitled "Bigeye Bomb: An Evaluation of DOD's Chemical and Developmental Tests"]

Fascell Dubs Bigeye Bomb a Failure and a Hazard to Our National Defense

Upon receiving a new report on the Bigeye binary nerve gas bomb from the General Accounting Office (GAO), Rep. Dante B. Fascell (D-FL), Chairman of the House Committee on Foreign Affairs, pronounced today that the Bigeye bomb is a fatally flawed nerve gas weapon which poses a real hazard to our national defense. Fascell said:

"Congress should not fund weapons systems which do not work. The Bigeye bomb has consistently failed its development tests, the problems have been left unresolved, and the GAO recommends categorically that Congress should not authorize the production of this bomb."

GAO made a similar recommendation in recent years which contributed to Congress deleting all funding for the production of the Bigeye bomb.

In releasing this latest GAO report, Fascell noted:

"The only reliable bombshell we have today is this report by the GAO. The evidence is overwhelming: the Bigeye bomb is a persistent failure with no reasonable prospect of it ever working properly or safely."

GAO's final conclusions that the "Bigeye bomb is not ready for production" and that certain problems remain "intractable" are based on a comprehensive one-year-long investigation. The 125-page report contains the following six principal conclusions (page 91 of the report):

Testing to date has not been able to demonstrate the feasibility and effectiveness of the Bigeye.

Operational testing will not address many of the unresolved critical questions which remain.

More developmental testing may be able to answer some of these questions, if the testing is well designed, implemented and reported.

Other problems, however, are intractable (e.g., the proposed tactic which exposes the aircraft to enemy defenses (flying at high altitude) versus the need to control the temperature of the bomb.

The Bigeye bomb is not ready for production.

Given that the deterrent and retaliatory mission assigned to Bigeye remain, and given that the binary concept and technology are not new (over 30 years old), the potential of other technologies and other chemical weapons for accomplishing those missions should be examined.

Twenty-five unresolved issues that show that the Bigeye bomb after thirty years is still experiencing technical problems that are "intractable and not likely to be solved". (see summary on page 76 of the report).

Twenty-two principal findings that demonstrate that the Bigeye technical deficiencies span all areas of testing ranging from ambiguous, shifting, and uncertain test criteria to sidestepping technical problems by falsely assuming resolution in future operational tests to persistent inconsistencies between weapons requirements and test purposes. (pages 87-90 of the report)

Fifty observations that expose various and persistent testing inadequacies and failures. (pages 17-76 of the report)

GAO's investigation reveals new failures which have recently occurred in the developmental and chemical-mixing testing of the Bigeye bomb. For example, when the bomb was tested for transport it was tested for its resistence to temperature change and movement, known as "shake and bake" testing. It failed nine out of ten "shake and bake" tests. The bomb was tested four times during takeoffs on aircraft and failed twice. Commenting on this startling fact, Fascell said: "Even Pillsbury makes sure their recipes are fully and properly kitchen tested before they'll put the 'dough boy's' seal of approval on a product."

Chairman Fascell concluded by commenting on the fact that DOD plans to move the Bigeye bomb into the operational testing phase despite these documented test failures in the developmental phase:

"Passing the Bigeye into operational testing is like letting kids graduate high school because of their age despite the fact that they have flunked all their courses. Let's not spend millions of dollars on a fatally flawed weapon for use by our soldiers on the front line."

Copies of the GAO report entitled "Bigeye Bomb: An Evaluation of DOD's Chemical and Development Tests" (GAO/PEMD-86-12BR) are available from the General Accounting Office.

THE EIGHTH PILLAR OF SOUND MONEY

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. DANNEMEYER. Mr. Speaker, the eighth pillar of sound money and credit is the principle of matching maturities. It asserts that banks must now borrow short and lend long. Otherwise, bank liabilities will mature faster than bank assets, and the forced asset-liquidation that results will push interest rates higher and will shrink the average maturity of debt. This gives rise to a vicious circle leading to an explosion of the money supply and an implosion of the supply of savings.

This series is through the courtesy of the American Economic Foundation, 1215 Terminal Tower, Cleveland, OH 44113. Earlier parts were inserted in the CONGRESSIONAL RECORD, see volume 132, No. 36, page E956; No. 47, page E1196; No. 48, page E1232; No. 55, page E1416; and No. 59, page E1519.

The Eighth Pillar of Sound Money and Credit: the Principle of Matching Maturities—A Venetian Tale

(By Antal E. Fekete)

A Venetian merchant lost his ship of cargo on the reefs of the Dalmatian coast. As he was sitting in a cove lamenting his loss, a mermaid appeared and inquired what was the matter. Feeling sorry for the merchant who lost his entire fortune in the accident, she dived into the sea and brought up a boat laden with silver, and asked him if that was the boat he had lost. When the man said that it wasn't, the mermaid dived again and fetched up the merchant's own boat. "That's the right one", he said gratefully, and the mermaid was so delighted with his honesty that she made him a present of the other boat as well.

When he returned to Venice and told his colleagues about his good fortune, one of them thought that he could pull off a similar coup. He loaded his boat with merchandise, sailed to the Dalmatian coast and scuttled his ship. Then he sat down in the cove and wept. The mermaid appeared again, and upon hearing the cause of his tears, she dived and soon produced a boat laden with gold, asking if it was the same one that had been lost. The man, who had never seen that much gold in his life, fell out of his role and cried ecstatically: "O yes, indeed!"

The mermaid was so shocked at this unblushing impudence that, far from giving him the boat with its gold cargo, she did not even restore his own to him. "You are not only a liar," she said, "you are also an im-

postor", and she sailed away, leaving the man alone in the deserted cove.

THE PROPENSITY TO SAVE

As we have seen in the Seventh Pillar, there is a significant difference between commercial banking and investment banking (including savings banks). The former depends on the people's propensity to consume, and the latter, on their propensity to save. The banks pool the flow of savings from individuals, and make this pool feed the flow of investments to every part of the national economy. The banks borrow funds from the savers for various fixed terms, and lend them out to producers, entrepreneurs, speculators, for various fixed terms. The banks have a double balancing act to do: they have to balance their liabilities with assets not only dollar for dollar, but also maturity for maturity. That is to say, the banks must see to it that their assets mature no later than their liabilities. This is known as the Principle of Matching Maturities.

Since there is no investment without prior saving, the minimal rate of interest is determined by the propensity to save (or by its reciprocal, time preference). The higher the propensity to save, the lower is the minimal rate of interest (or, the lower the time preference, the lower is the minimal rate of interest) and conversely.

BORROWING SHORT AND LENDING LONG

The Principle of Matching Maturities is often quoted in its negative form: a bank must not borrow short and lend long. This is the one commandment most often violated by the banking fraternity. To understand the underlying temptation, we have to examine the source of bank profits. The investment bank derives its profits from the spread between the interest it earns on its assets and the interest it pays on its liabilities. The bank could, illegitimately, increase its profits by borrowing short at an even lower rate, and lend long at an even higher rate because longer term borrowing and lending normally command higher interest rates. The bank guilty of this illegitimate practice is an impostor, as it misrepresents the true state of affairs in the balance sheet, just as the Venetian sailor misrepresented his situation to the mermaid.

YOU CAN'T HAVE YOUR CAKE AND EAT IT

But the practice is no less dangerous than it is illegitimate. The bank would obviously have to borrow again and again, before its assets matured. No one knows the future, and the bank is no exception. Future borrowing conditions may be worse than those at present. The bank may be confronted with borrowing costs higher than the earnings it has locked itself into or, in an extreme case, the bank may not be able to borrow at any price.

A bank guilty of borrowing short and lending long is not only an impostor but a liar as well. It lies in overstating the value of its assets and understating its liabilities in the balance sheet. The bank in fact pretends that it can use short term funds in balancing its long term liabilities. But it is no more able to do this than it can have its cake and eat it.

SHORT DEBT MAKES LONG FRIENDS

The American banking system is in deep trouble on account of its long-standing addiction to the drug of borrowing short and lending long. Worst offenders are the savings banks loaded with mortgages maturing in 20 years or longer, held against liabilities maturing daily. That this situation is preposterous should be clear to every impartial observer. The bank has sunk liquid funds into brick and mortar, against which it holds liabilities subject to withdrawal without notice (or on short notice). The banks are sitting on mountains of paper losses, which will become real losses at the first test of extensive cash withdrawals.

Federal deposit insurance is hardly a figleaf. The assets of the insurer cover only a minuscule part of its contingent liabilities. Worse still, these assets are carried in the form of government securities, and even a minor asset liquidation would embarrass the government and break the market.

Had the American banks taken to heart the ancient wisdom of the English proverb: "short debt makes long friends", they could have avoided diverting enormous resources into loan-loss reserves.

VICIOUS CIRCLE

If bank liabilities mature faster than bank assets, then two things will happen. (1) Interest rates will rise, as the banks are forced to resort to asset-liquidation, and the public will acquire these assets only at a concession in price. (2) The maturity structure of the debt will shrink, as the banks are forced to issue short-term debt in exchange for long-term debt. In other words, the banking system led by the central bank is forced to finance a massive exodus of the savers from long to short term debt. As the banking system has to absorb more and more long-term debt, unwanted by the saving public, and give short-term credit in exchange, it becomes clear that the only cure for the condition caused by drug abuse is more drug abuse.

The central bank is helpless. Any hesitation on its part to make available the reserves needed to meet the maturing liabilities of banks would bring down the house of cards immediately. The central bank would therefore continue to buy the long-term bonds dumped by a disgruntled public. That is to say, the central bank would continue to borrow short and lend long on an ever larger scale.

The vicious circle, however, cannot continue indefinitely, as the average maturity of the debt cannot shrink to zero. Before that happens the bond market, like a rotten apple, will fall into the lap of the money market. The money supply will explode, the supply of savings will implode, and the new brave world of borrowing short and lending long will come to a sorry end.

SETTLEMENT HOUSES CELEBRATE 90 YEARS OF SOCIAL SERVICES

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. STOKES. Mr. Speaker, settlement houses and neighborhood centers have played a very important part in Cleveland history. They provided a place for community residents to enjoy educational, cultural, recreational, and personal services.

Since 1896, these "good neighbors" have provided programs to bring community members together. This year marks the 90th anniversary of Goodrich-Gannett Neighborhood Center, Cleveland's first settlement house, and, in recognition of this occasion, on May 30, 1986, the Neighborhood Centers Association and the Cleveland State University Center for Neighborhood Development sponsored a musical production entitled "90 Years of Neighboring." On May 18, 1986, the Cleveland Plain Dealer published a feature article that reviewed the history of settlement houses in Cleveland. I commend this article to the attention of my colleagues to demonstrate the continuing contributions of settlement houses in my district and would like to commend the numerous philanthropists and socially conscious individuals who have dedicated themselves to improving the quality of life of numerous Americans.

The article follows:

[From the Cleveland Plain Dealer, May 18, 1986]

SETTLEMENT HOUSES CELEBRATE 90 YEARS OF SOCIAL SERVICES

(By William F. Miller)

Centers for the elderly, day-care facilities, and Karamu, the black theater, are some of the innovative social programs begun here years ago by settlement houses and neighborhood centers.

The Neighborhood Centers Association, the coordinating agency for the centers, is reminding Clevelanders of its rich social services history on the 90th anniversary of Goodrich-Gannett Neighborhood Center, Cleveland's first settlement house.

The grandfather of the neighborhood centers, at 1368 E. 55th St., is still in its original neighborhood.

Since 1896 Goodrich has been providing educational, cultural, recreational and personal services to families and individuals, said Robert L. Bond, association director.

The name "settlement house" came because students and social workers settled in the neighborhoods and lived in the centers, Bond said.

The centers were started to help new immigrants in the late 1800s. Later the mission was to help migrants from the South and Appalachia.

The centers provide a place where families can be together for recreational and cultural activities, said Bond. They have been places for learning to read and write, finding jobs and solving social problems, among other activities, he said.

Settlement people were also in the forefront to establish the Sunbeam School for Handicapped Children, Legal Aid Society, Juvenile Court and Hudson School for Boys, he said.

Goodrich was founded by Flora Stone Mather to help immigrants, then living in the Public Square neighborhood. It was an extension of her work at Old Stone Church.

The first club for the elderly here was started in the early 1940s at Goodrich by Oscar Schulze, a refugee from Nazi Germany. As a former welfare director in Leipzig, Germany, he had worked with the elderly there.

A day nursery for children was founded in 1899 by the Methodist Deaconess Home, which later became the West Side Community House.

In 1874 the Woman's Philanthropic Union opened a coffee shop to discourage the use of alcohol, and Friendly Inn Settlement later developed out of this program.

John D. Rockefeller lived in East Cleveland in the late 1890s. To get to his estate, he had to travel through Little Italy and daily encountered many of the poor Italian immigrant children playing in the streets.

When approached by the Italian community for money to help, he have funds to build a settlement house, which was named for his daughter Alta.

The Phillis Wheatley Association and its residence was begun for young black working women who moved to Cleveland from the South by Jane Edna Hunter in 1911.

Russell and Rowena Jelliffe came to Cleveland after their marriage in 1915 and started Playhouse Settlement, which later became Karamu Theater. Langston Hughes, one of America's greatest black writers, worked there.

In 1912 Alma Adams, a blind musician, started the Cleveland Music School Settlement in the Goodrich building to help people with little income to learn music.

The history will be re-enacted by performers from centers and other social service agencies represented by the Neighborhood Centers Association in the musical production of "90 Years of Neighboring" at 7:30 p.m. May 30 at Cleveland State University's University Center Auditorium. It is being co-sponsored by CSU's Center for Neighborhood Development.

Throughout the month, the association's 25 centers and social agencies will have programs celebrating the 90th anniversary.

Bond said the association was Ohio's largest voluntary social agency with an annual budget of $12.6 million, of which $2.6 million is contributed by United Way Services and much of the rest from federal, state and county governments.

Its agencies employ 516 people who serve 60,000 people yearly. The Neighborhood Centers Association was created in 1963 to coordinate and provide central financial and planning services for the centers and agencies.

"MY PLEDGE TO AMERICA" SPEECH

HON. TOM LEWIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. LEWIS of Florida. Mr. Speaker, on May 25 I had the opportunity to deliver the keynote address at a Memorial Day celebration service in Palm Beach County, FL. At that Memorial Day ceremony, David Codell, the valedictorian of Palm Beach Gardens High School class of 1986, shared his award-winning speech with those of us fortunate enough to be in attendance.

This speech, entitled "My Pledge to America," is an outstanding example of the patriotism which is proudly displayed by many of today's young people. I applaud David Codell's efforts and encourage my colleagues to take a moment and reflect upon the truths proclaimed by this young American's essay.

It is with great pleasure that I am inserting "My Pledge to America" in today's CONGRESSIONAL RECORD.

MY PLEDGE TO AMERICA

(By David Codell)

Every day, without fail, I am faced by a classroom full of students who look me in the eye and half-heartedly mumble their pledges of allegiance to me, the American flag. Being a flag hung above the chalkboard in an American high school has lost its old glory for me. Why aren't these students enthusiastic about their loyalty to the United States? If I were an American citizen rather than merely a flag, I know what my pledge to this country would be.

I know because I've been around for more than two hundred years. I was born when America first declared her independence and fought to gain civil liberties for all her citizens. I was proudly displayed at Concord and Bunker Hill, and I saw the facial expressions of those Revolutionary soldiers as they protected their land and fought for personal freedoms. The dedication that I witnessed in these men convinced me that my pledge to America must include a willingness to take great risks in order to secure the freedoms that every citizen of our nation deserves.

After America achieved her independence, she strove to establish a sound political structure. When I was only twelve years old, I was displayed in a small room on the second floor of the State House in Philadelphia. From a wall in the front of the room, I watched as fifty-five men from across the country composed the Constitution of the United States. I heard their debates and their patriotic speeches, and I was impressed by their efforts to form an efficient national government. I saw the commitment of these men as they guaranteed liberties for their fellow citizens, and I, too, was influenced to hope for a strong, just country. Therefore, my pledge to America would be incomplete without a promise to uphold the Constitution and to support the values that our Founding Fathers felt were important.

Years passed, and America strove to establish herself firmly in the Western Hemisphere; however, at the same time that America's international position was gaining ground, domestic strife was prevalent. At the ripe old age of eighty-four I had just gained my thirty-fourth star, yet I knew that it was not a time for celebration. With the secession of seven states from the Union, I watched the noble land I represented be torn by civil war. I saw young boys, transformed into frightened soldiers, fighting a war against those who had once been their fellow Americans! I saw men whose fathers had fought together for the independence of this country take arms against each other and divide the nation! This turmoil left a bloody scar on my glorious memories of a once-glorious land. Because of this disheartening experience, my pledge to America includes a promise to ensure that this country will truly remain "one nation under God, indivisible."

At the close of the Civil War, however, I watched with great joy as millions of slaves received their freedom. Nevertheless, a long struggle lay ahead of them, and I watched their uphill battle to achieve equality. Though they were free from the bondage of slavery, they were still prisoners of the bigotry of men. For more than one-hundred years, I have observed the mistreatment of minorities. I have witnessed the confusion on the faces of young children who, because of the color of their skin, were forced to sit in the back of the classroom or ride in the rear of the bus. I have felt the indignation of the mistreated, and I was proud to have been displayed in the Freedom March on Capitol Hill as thousands of Americans asserted their rights. My intent to help ensure equal rights and justice for all Americans would need to be incorporated into my pledge to America.

In the last century, I have observed America as she has learned to respond to new problems facing the American public, and these situations have greatly influenced the nature of my dedication to the United States. For example, in the 1970's, I witnessed America as it went through an energy crisis. I saw natural resources being wastefully used without regard to future generations, but I also noticed the efforts of many Americans that decided to search for new energy sources and use existing ones more wisely. These efforts have encouraged me to include in my pledge a vow to help conserve our natural resources.

Yet the most vital resource that our nation has it its own citizenry, and the protection of these citizens is of utmost importance to the future of America. In the last century, I have repeatedly observed American citizens as they responded to the needs of the military, and I have watched hundreds of thousands of soldiers fight valiantly and make costly sacrifices for their country. As a result, my pledge to America includes a vow to always remember those who gave their lives for the United States.

Of course, my pledge to America encompasses more than these points I have mentioned, and it continues to be augmented as I observe history take place, but why can't all Americans have a sincere pledge to this wonderful nation that gives its citizens more freedoms than any other country in the world. The next time you stand with your hand over your heart and look at me, the American flag, will you mean the pledge that you recite?

A TRADE POLICY FOR THE PEOPLE

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. EVANS of Illinois. Mr. Speaker, American companies continue to be lured overseas by cheap labor. The loss of American jobs, particularly in the manufacturing sector, threatens our national and economic security.

That is why the House recently passed a trade bill which seeks to balance some of the inequities that have developed on the world trading market. I believe this bill demonstrates that the United States is no longer willing to be a dumping ground or a whipping boy in the field of international trade.

Some critics have labeled this bill protectionist and claim the answer is free trade. But a recent article in the Nation by Bill Goold, administrative assistant to Representative DON PEASE, and John Cavanaugh of the Institute for Policy Studies shows that casting the debate on trade policy between protectionism and free trade is not the answer. It's not even the question. The real issue in the debate is based on labor rights.

I recommend to our colleagues this article which shows that a trade policy promoting economic justice at home and abroad is the most constructive policy available to us.

[From the Nation, Mar. 29, 1986]

A TRADE POLICY FOR THE PEOPLE

(By Bill Goold and John Cavanaugh)

Trade wars occupied more hours of debate on Capitol Hill last fall than Star Wars or Central America, and the subject has already begun to dominate discussions in the

spring. Free-traders quarrel with protectionists, one side urging that Americans embrace free trade as bargain-hunting consumers, the other that we take to the barricades in defense of jobs.

Both sides define winning the trade wars as eliminating America's $150 billion trade deficit, which, in practical terms, amounts to more than $600 for each American in foreign purchases that are not offset by sales abroad. And despite their differences in ideology and rhetoric, both free-traders and protectionists focus their energy on country bashing. The latter cook up bills to slap new tariffs, quotas and sanctions on Japan, Taiwan, South Korea, Brazil and other culprits; the former limit themselves to issuing plaintive appeals for greater access to foreign markets.

No one, however, is asking the crucial question: How can the United States possibly win a trade war against China, South Korea or any other country in which wages are but a fraction of ours and in which U.S. corporate subsidiaries have rapidly narrowed the technological gap with the United States? The answer is that it can't, without substantially altering the terms of the debate. A new trade offensive based on labor rights offers a breath of fresh air to the debate which free-traders and protectionists cannot ignore.

Free-trade ideology was succinctly packaged by Ronald Reagan last September: "I, like you, recognize the inescapable conclusion that all of history has taught: the freer the flow of world trade, the stronger the tides for human progress and peace among nations." But under the pummeling of the unprecedented trade deficit, industrial decline and the deepening agriculture crisis, President Reagan and his diverse Congressional allies have shifted to what they label a fair-trade position, which comes down to threatening retaliation against trading partners who set up barriers to U.S. goods—a milder dose of the medicine prescribed by the protectionists.

Even the free-traders acknowledge that U.S. trade has always been far from free. The U.S. Trade Representative, Clayton Yeutter, admits that since 1980 this country has negotiated or imposed more than 425 textile and apparel quotas on foreign competitors. Agriculture is heavily protected through price supports, subsidies, tariff and quotas. In almost all other sectors, selective quotas, "voluntary" quotas, tariffs, subsidies and other controls govern the flow of goods and services.

Even if trade were not so heavily controlled, recent developments in the world economy have undermined the free-traders' basic premises. During the first two decades after World War II, the American economy grew at a prodigious rate, and there seemed to be no end in sight. Most Americans saw their standard of living rise steadily as part of the general prosperity. Industries and manufacturing workers, producing primarily for the domestic market, were not threatened by imports. Free trade was a high-sounding principle, irrelevant to the day-to-day concerns of most Americans.

From the early 1960s to the present, America's position in the global economy changed dramatically. Easy access to critical raw materials at low prices disappeared in the upheaval wrought by Third World nationalism and producer cartels. U.S. exports did not keep pace with imports flooding the American marketplace, many made by overseas subsidiaries of U.S. corporations. In the past five years, a U.S. trade surplus has given way to an enormous deficit.

Who benefits from the new global economy, and who pays? All across America, scores of communities, hundreds of industries and millions of workers have been ravaged by the resulting economic dislocation. When imports jumped 26 percent, from $269 billion to $341 billion, over the course of 1984, American Express gauged that 1.8 million U.S. jobs were lost. To make things worse, Reagan is the first President in the postwar era to deny flatly that the Federal government has a responsibility to help the millions of American workers and firms adversely affected by the surge of imports.

The major gainers from this shift are U.S.-based multinational corporations that market finished products from standardized parts manufactured in plants abroad. Recent advances in transportation, such as containerization; communication, such as satellite telecommunication systems; and information systems, such as microcomputers, have greatly increased the ability of multinational corporations to shift production overseas to take advantage of low wages.

According to the U.S. Bureau of Labor Statistics, in 1984 the hourly wage for manufacturing workers in South Korea, Taiwan and Brazil was 11 percent, 13 percent and 10 percent of their American counterparts, respectively. Even in Japan—which has the largest trade surplus with the United States of the four countries targeted for sanctions in the trade bill sponsored by Representative Richard Gephardt, Representative Dan Rostenkowski and Senator Lloyd Bentsen—average hourly compensation came to only 50 percent of that in the United States.

American factories and workers cannot hope to compete with their counterparts in, say, Taiwan. Assembly workers there receive barely subsistence wages for eight-to-twelve-hour days. They live in crowded company-owned dorms with no air-conditioning, despite 100 degree heat and high humidity, no potable water, no recreational facilities and no social activities. Health and safety regulations are lax or nonexistent, even where workers handle hazardous products.

Strikes are all but illegal under martial law (100 percent of the affected workers must vote to strike). According to the Asia Resource Center in Washington, although a collective-bargaining statute is on the books, there are no agreements in effect, and inciting labor unrest is a crime. The few unions that do exist are government-controlled. The Ministry of the Interior appoints union leaders, and plant managers often line government and company coffers with the union dues they collect, while distributing official propaganda through union channels.

Piecemeal protectionism in the United States is inadequate to stem the flood of cheap goods from such countries. China's exports to the United States increased by 191 percent between 1980 and 1948, followed by South Korea's and India's (126 percent each), Taiwan's (119 percent), Singapore's and Brazil's (108 percent each) and Japan's (83 percent). The protectionist approach also contradicts U.S. policy on the international debt crisis. Third World countries that have accumulated more than $970 billion in debt have been told by U.S. banks and government officials and by the International Monetary Fund that in order to obtain new loans to repay the old ones, they must export more and import less. That message has been forcefully sent to Brazil, Mexico, South Korea and about fifty other debt-ridden countries, but U.S. protectionism makes it impossible for them to export.

Instead of retaliatory protectionist measures, the United States badly needs trade policies that address the monumental changes in the world economy. Corporations must be limited in their ability to shift capital out of the country, and the government must provide incentives for them to move capital and labor into sectors that are capital intensive (e.g. robotics) or education intensive (e.g. software). The government must also do more to soften the blow of capital shifts on workers and communities. Americans who have lost their jobs in basic industries to foreign competition in recent years need help training for new jobs.

Finally, such policies must tackle the least talked-about unfair trade subsidy: the exploitation of workers abroad that makes possible cheaper exports to the United States. Many industries and unions in this country protest trade subsidies and the dumping of low-priced foreign goods on the American market. The same outcry should be raised against "social dumping"—competition from foreign workers whose low wages result from the denial of their basic labor rights.

In the short run, antiworker policies may benefit companies that use overseas labor to produce low-priced goods for export to developed countries. Echoing the robber barons of the nineteenth century, corporate apologists argue that people in developing countries are better off working for a dollar a day than they would be not working at all. But the exploitation of labor inhibits the development of self-reliant local economies in much of the developing world. By limiting workers' income and purchasing power, multinationals and host governments are severely restricting the growth of internal consumer markets. It is as true overseas as it is in this country that money in the pockets of working people creates demand for goods and services which, in turn, creates jobs. Denying labor rights in developing countries perpetuates poverty and produces social unrest.

Some encouraging steps are being taken by the U.S. government. The Trade and Tariff Act of 1984, pushed by a coalition of human rights and union activists called the International Labor Rights Working Group, stipulates that a country's duty-free access to the American marketplace will depend on its respect for basic labor rights. The law requires the State Department, in consultation with the Labor Department, to report annually on the "labor rights" situation in every country. Specifically, do they permit freedom of association and collective bargaining, prohibit forced labor, set a minimum age of employment and maintain acceptable standards for wages, work hours and occupational safety and health? Finally, the law allows any person or organization to bring evidence of labor abuses to the attention of the U.S. government. Several human rights and trade unions have already submitted reports challenging the continuation of trade preferences for South Korea, Taiwan, the Philippines, Chile, Haiti, Zaire and other countries.

Last fall, despite vigorous opposition from both the Reagan Administration and multinational corporations, Congress enacted a law that prohibits the Overseas Private Investment Corporation, a government agency, from issuing business risk insurance to U.S. multinationals for projects in countries that do not grant their workers internationally recognized rights. Public hearings before the OPIC board of directors will be held each year to receive formal requests

to curtail OPIC operations in specific countries where there is evidence of labor rights violations. And on March 13 the Fair Trade and Economic Justice Act of 1986 was introduced in Congress by Representative Don Pease and twelve of his colleagues. It is designed to treat as an unfair trade practice the competitive advantage in international trade that some countries derive from the systematic denial of workers' rights. Supporters of this legislation point out that to promote fair competition current rules in world trade outlaw capital subsidies and dumping, but they condone competition at any cost as far as workers are concerned.

Such legislation could promote a trade policy that combines the protectionists' concern for economic justice at home with the advancement of workers rights and development overseas. Support for this approach can be expected from communities in the American Rust Belt, human rights groups and development and peace organizations. Some labor unions, increasingly aware that protectionism's protections are short-term at best, are adding their weight. Sixteen of them, along with the A.F.L.-C.I.O., were among the co-sponsors of a conference highlighting this approach earlier this month. Another ready potential group of backers consists of the owners of small domestic firms producing everything from apparel to castings. At this stage, unions, church groups, human rights organizations and others must put pressure on the Reagan Administration to comply with the new legislation and on Congress to extend it to new realms.

A trade policy that promotes economic justice at home and abroad through an aggressive campaign to extend basic labor rights in countries that challenge the United States in the global economy would simultaneously increase the security of American workers and make the U.S. economy more competitive. In their approach to the trade dilemmas of the 1980s, Americans should be guided by the motto the Knights of Labor adopted one hundred years ago: "An injury to one is of concern to us all."

IN HONOR OF MARIO JIMENEZ

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. TORRES. Mr. Speaker, I would like to call to the attention of my colleagues the honor that has been bestowed on my good friend Mario Jimenez of Whittier, CA.

On June 28, 1986, at the inaugural graduation ceremony for the university at his birthplace, Huitzuco, Guerrero, Mexico, Mr. Jimenez will serve as the "Padrino de la Generation" for the class of 1986.

Mario Jimenez, a community leader and philanthropist in my district, has a long history of supporting education. As a successful businessman in Pico Rivera, Mario has dedicated his time and resources to many programs and activities that support quality education for young people. He also serves on my congresional awards council, which recognizes the volunteer contributions of young people in my district.

In honor of the first graduating class at the Centro de Bachillerato Technologico, I congratulate the following candidates for a bachelor of science degree in biological chemistry: Andrade Riquelme Ruth, Aleman, Dominguez Andres, Alonso Garcia Pablo Francisco, Avila Lopez Humberto, Bustos Terrones Estela, Cornelio Robles Roberta, Castrejon Castro Edith, Chavez Alcocer Rogelio, Hernandez Aragon Rogelio, Joya Riquelme Hermelinda, Kuri Cutalan Arqueles, Medina Peralta Gloria, Marban Bahena Pedro, Moyao Galarza Ruben, Ocampo Bahena Marcelina, Orihuela Martinez Aurelio, Ortiz Avila Juan, Porras Barbosa Ma. Leticia, Ramirez Villegas Jose Luis, Romero Apaez Mecaela, Santiaguillo Hernandez Santiago, Taboada Bahena Elia, Taboada SanMartin Alma Delia, Teliz Astudillo Isidro, Varela Velasquez Ma. de Jesus, Velasco Orihuela Rogelio, and Vicario Castrejon Ulises.

Candidates for a bachelor of science degree in mathematical physics: Adame Uriostegui Miguel; Apaez Cruz Raul, Aponte Alavarado Oscar, Barbosa Castro Rodolfo, Barrera Hernandez Gabino, Castro Velazquez Francisca, Catalan Roman Esteban, Diaz Catalan Jesus, Giles Alonso Fidel, Gonzalaez Ramirez Jose, Hernandez Guzman Leonel, Miranda Guerrero Sandra, Mugica Marban Rene, Mundo Gatica Rodrigo, Najera Nieves Graciela, Reyes Mota Jorge Luis, Rueda Terrones Mario, Campos Ocampo Ma. de Lourdes, and Mata Cortes Ruben Dario.

Bachelor of business administration degree candidates are: Arteaga Sanchez Domingo, Damian Cuevas Santiago, Escobar Munoz Estela, Espin Garcia Magdalena, Flores Moyo Hugo, Garcia Gonzalez Rosalina, Gaytan Castrejon Cruz Aleyda, Giles Cruz Ma. Elideth, Gonzalez Alonso Julia, Joya Jaimes Isidro Alberto, Lagunas Castrejon Martin, Marban Munoz Norma, Marquez Ocampo Maricruz, Ocampo Mata Oscar, Palacios Nava Dora Maria, Soto Garcia Ma. Cecilia, Toledo Arcos Hilda, Torres Antunez Gilberto, and Brito Gaytan Consuelo.

I would like to ask my colleagues to join with me in giving our best wishes to the inaugural graduating class at the Centro de Bachillerato Technologico in Huitzuco, Guerrero, Mexico and to my good friend Mario Jimenez.

INTRODUCTION OF THE NEW MEXICO TECH LAND PURCHASE ACT

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. RICHARDSON. Mr. Speaker, I want to take this opportunity to share with my colleagues today a bill I am introducing which will convey some 6,000 acres of Bureau of Land Management land to the New Mexico Institute of Mining and Technology—more commonly known as New Mexico Tech.

The land that will be conveyed in this bill is necessary so that valuable educational research and testing work can continue. At the present time the university's field laboratory does not have enough usable space. If the university's present field laboratory space is not expanded an important component or our Nation's defense related research and testing capabilities will be hurt. This legislation is not only important to the future research capabilities for New Mexico Tech but for our Nation as a whole.

New Mexico Tech is nationally known for the work it has completed in the areas of petroleum recovery research, military hardware research and explosive technology research. The research that would be conducted on the land in question would be undertaken by the terminal effects research and analysis [TERA] group which is a component of the research and development division at New Mexico Tech.

The entire military community is looking to TERA to assume more of a role to fulfill their explosive testing obligations. This work for the purposes of safety and security requires large expanses of land. The land that would be conveyed to New Mexico Tech is a large amount but is necessary to meet both line-of-site and safety requirements. The land is adjacent to the present laboratory and well situated for security purposes. The land will allow for economies of operation that might otherwise not exist in a location removed from the existing facility. The legislation recognizes and respects all current land uses. An arrangement has even been worked out with ranchers who graze their cattle on the land to continue this practice. Additionally, environmental concerns have been worked out to build a water reservoir to protect an endangered species of isopods.

TERA evolved from ordinance research projects during World War II and has been a part of New Mexico Tech since 1949. Over the years, TERA's combination of knowledge and experience, specialized test facilities, and reasonable operating costs have served to make it a very important defense related research center. My bill will enable TERA to expand and grow.

This bill is necessary. New Mexico Tech needs to have clear title to this land because they cannot lease it from the Bureau of Land Management. BLM would be prohibited from issuing any permits and leases under the Federal Land Policy and Management Act of 1976 [FLPMA] because of the unique and special uses that the land would be used for. The only way to ensure that these nationally important research projects can continue is if this bill is passed.

Mr. Speaker, this legislation is fiscally responsible. The bill specifically contains language which authorizes and directs the Secretary of the Interior to convey this land at fair market value. Preliminary estimates show the land to be worth around $650,000. The university plans to work with State lawmakers to arrange for an appropriation to purchase the land. It is my understanding that New Mexico Tech's request has already gleaned approval by New Mexico's board of educational finance—evidence of the State's commitment to this project.

Further protection is written into the bill for the Federal Government's interest in the land. The bill reserves to the Federal Government any mineral rights associated with the land. In addition, the school has agreed to perform and provide the Secretary of the Interior with a survey of the archaeological resources of the area. This conveyance of land is subject

to all valid and existing rights such as existing grazing permits, which I mentioned earlier, geothermal leases or mining claims.

Mr. Speaker, this bill will provide New Mexico Tech with the additional land it needs to fulfill TERA's defense-related commitments. The land is adjacent to the present laboratory and will meet the requirements for safety and security. The testing at TERA has proven to be economical—costing one-eighth to one-tenth of what it costs the Federal Government to conduct similar tests. TERA is a unique and important component in our overall defense related testing facilities. I hope that my colleagues will take the opportunity to review the bill and will consider joining me in this effort to allow New Mexico Tech to expand and grow. Thank you.

DEPARTMENT OF ENERGY DROPS THE SECOND HIGH-LEVEL WASTE REPOSITORY

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Ms. SNOWE. Mr. Speaker, on May 28, the Department of Energy [DOE] announced the indefinite postponement of any further activities with respect to selecting a second underground repository for high-level radioactive wastes. I believe this decision was sensible and reflected a clear understanding by DOE officials that there is no need for a second repository.

In suspending the selection process for a second site, DOE effectively removed a tremendous concern from the citizens in the State of Maine and other States that had sites under consideration. Fundamentally, however, I believe DOE made a sound public policy determination for itself and for the Nation—first, because the selection process for locating a second site was dangerously flawed, and second, because we should not spend billions of dollars building a repository deemed unnecessary by DOE and other authorities.

With this announcement on the second repository, it is important to put the matter in perspective, especially considering the developments of the last several months which served to create a lingering threat in Maine and six other States.

In January of this year, DOE issued a draft area recommendation report [ARR], which named 12 crystalline rock sites in seven States, including two sites in Maine, that were to be considered potentially acceptable to store high-level wastes. Since that time, residents of Maine examined how its two sites were picked. The conclusion reached by me and by thousands of other Maine residents was that the selection process designed and implemented by DOE's Office of Civilian Radioactive Waste Management was seriously flawed.

The Nuclear Waste Policy Act of 1982 charged DOE with designing a process to locate a second repository. When the act was considered by Congress, a provision was also added to the conference report in the other body placing a limitation of 70,000 metric tons on the amont of waste that could be stored in the first repository. The act established a process for selecting, testing, and constructing a first repository, and also called for a similar but later selection process for a second repository, but specifically requiring Congress to authorize actual construction. By starting later on picking a second site and by requiring later congressional authorization, Congress left open the obvious possibility that this nation would never construct a second repository.

The act also very clearly indicated that factors that should be analyzed to qualify or disqualify a site should be ones which common sense would dictate are overriding for human and environmental safety. Such was clearly not the case, however, in the way in which DOE carried out this program for the second repository.

Instead, DOE focused almost exclusively on geologic conditions, and ignored transportation, proximity to water supply and other issues critical to the safe storage of nuclear wastes. Many of these factors which should have been investigated immediately were deferred for study in the years ahead. For the State of Maine, had the second repository selection process gone forward, it would have meant spending years in a ruinous limbo—despite the knowledge of conditions specific enough to disqualify immediately our two proposed sites.

The two sites in Maine both had basic attributes DOE's computers found interest in: large granite rock bodies beneath the surface. Unfortunately, DOE's selection system wasn't interested, for example, in the fact that 27 percent of one site is under the ownership of the Passamaquoddy and Penobscot Indians, even though the consideration of site ownership was deemed by DOE to be important. The fact, over 90 percent of the lands within this site are either trust-owned, trust-designated or subject to future purchase by the tribes, as prescribed by the Indian Land Claims Settlement Act of 1980.

Equally lacking in common sense was the selection of Maine's other site, the Sebago Lake area, which is centered in one of Maine's most important vacation regions. This area's lakes supply water for one-third of our States population. Furthermore, population estimates made during the last several months pointed out the sheer inaccuracy of DOE's data on population density. DOE failed to account for the summer influx into the Sebago Lake area, which expands the number of people in the area by many times over: hardly a factor one ought to ignore when examining factors that should preclude the disposal of nuclear waste.

In sum, DOE's guidelines for selection of the second repository were flawed and dangerously misguided. Had the process gone forward, residents of my State would have had every right to harbor complete outrage toward the Federal Government.

Following formal hearings held by DOE in Maine in early April, I introduced legislation, along with my Maine colleagues, Congressman MCKERNAN and Senator MITCHELL, and over 30 other Members of Congress. This legislation, H.R. 4664, amends the Nuclear Waste Policy Act of 1982 by terminating all Federal activities with respect to the selection of a second repository.

In addition to terminating the second repository selection, H.R. 4664 calls for the establishment of an independent scientific panel and a moratorium by Congress if DOE has not commenced disposal in the first repository by 1998, as required by the 1982 act. At that point, recognizing the existence of an obviously serious problem, DOE's entire program would be halted until Congress could reevaluate the disposal of the wastes and the merits of alterative means of disposing of high-level wastes.

I believe this legislation clearly follows the logic which DOE officials have now come to recognize: First, by their own admission, there is no scientific or technical need for a second repository; second, it makes no sense to go forward at the present time if at all with a process of building a second storage site that could easily cost $10 to $15 billion; third, current DOE projections on the amount of wastes to be generated in the coming decades have been scaled back significantly. DOE no longer expects to produce over 140,000 metric tons, as they projected in 1982. Instead, they now anticipate the amount of wastes generated may be as low as 74,000 metric tons if one assumes no new orders for commercial reactors—and we haven't had a new order since 1978.

Thus, this legislation completes the statutory side of the action taken by DOE. In fact, Congress needs to take three important steps to follow up on DOE's determination. First, no further funding, for this year, fiscal year 1987 or successive years, should be appropriated for the second repository testing and selection process. Second, we must amend the Nuclear Waste Policy Act to terminate the statutory requirements for a second repository. And, third, we must provide adequate funding to bolster the exploration of alternative technological methods of disposing of high-level wastes.

Mr. Speaker, the citizens of Maine deserve much credit for their active participation and involvement in an important national issue. Public participation assisted immensely in the examination of DOE's guidelines and selection process. The very specific information people provided from their first-hand knowledge helped to point out serious flaws in the selection process and in the sites actually selected. I am pleased that DOE has recognized the wisdom of terminating the second repository, and as we move forward we must make sure that no further mistakes are made on this important matter of disposing these wastes safely.

HEALTH PROTECTION ACT OF 1986

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. SYNAR. Mr. Speaker, 350,000 Americans died last year from smoking. That is the equivalent of the population of Tulsa, OK, and each one of these deaths could have been

prevented. For all of their horrors, Bhopal and Chernobyl appear insignificant by comparison.

We spent an estimated $22 billion last year to treat smoking-related diseases, of which the Federal Government paid $4 billion. We lost $43 billion in lost productivity because of smoking.

These statistics are mindboggling, but we have grown numb to them—largely as a result of the advertising techniques of tobacco manufacturers. We have grown accustomed to seeing tobacco portrayed as socially acceptable and healthful. We have been led to believe that smoking brings success, glamor, and independence. But we have failed to acknowledge the tremendous costs that accompany the widespread use of tobacco.

There are no easy solutions to this problem. Congress has prohibited radio and television advertising, required warning labels on most tobacco products and print advertisements, and imposed excise taxes on cigarettes, cigars, and smokeless tobacco. While these were important and significant steps, it is clear that it is time for one further step.

Today I am introducing legislation with Congressmen LOWRY, SWIFT, NIELSON, HANSEN, STRATTON, STUDDS, ATKINS, and MONSON to ban the advertising and promotion of all tobacco products. Our intent is to continue to keep this issue at the forefront of public discussion while we search for the most effective means of discouraging tobacco use. We realize that this bill may be altered as it progresses through the legislative process. Regardless how Congress decides to further address this problem, it is essential that we eliminate the deceptiveness of modern tobacco advertising.

There are those who will argue that a ban on tobacco sales promotion violates the first amendment. We have approached this issue carefully, and have reached the strong conclusion that such action is fully supported by Supreme Court rulings on the subject.

The Supreme Court case of Central Hudson Gas & Electric Corp. versus Public Service Commission was the Court's clearest expression of the standard for evaluating an advertising ban. The Court established a four-part test for evaluating Government restrictions on commercial speech:

At the outset, we must determine whether the expression is protected by the First Amendment. For commercial speech to come within that provision, [1] it . . . must concern lawful activity and not be misleading. Next, we ask [2] whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine [3] whether the regulation directly advances the governmental interest asserted, and [4] whether it is not more extensive than is necessary to serve that interest.

A case could be made that all cigarette advertising is misleading because none of the advertising makes full disclosure of all known risks, and the addictive nature of the product is never mentioned. Under the Central Hudson test, this finding alone would allow Congress to prohibit the advertising and promotion of tobacco.

Even if current cigarette advertising were determined not to be misleading in the constitutionally relevant sense, a prohibition on advertising still would fall within the remaining three criteria established by Central Hudson.

First, the ban must involve a substantial Government interest. Little needs to be said on this point. One could hardly imagine an issue of greater Government concern than the loss of 350,000 lives annually from a single product. Far less compelling interests have been held sufficient to constitute a substantial Government interest.

Second, the ban must advance the Government interest. In this case, the issue is whether a ban on tobacco advertising would result in decreased consumption. In Central Hudson, the Supreme Court thought it obvious that a correlation exists between advertising and demand. The tobacco industry would not spend $2 billion annually on advertising and sales promotion unless it knew that these efforts resulted in increased sales.

Other cases have held that Congress need not prove empirically that smoking and tobacco advertisements are linked. As explained by the Fifth Circuit Court of Appeals in Dunagin versus City of Oxford, Mississippi, a case which upheld a State ban on print and broadcast liquor ads:

[W]e hold that sufficient reason exists to believe that advertising and consumption are linked to justify the ban, whether or not concrete scientific evidence exists to that effect.

The 10th circuit stated in Oklahoma Telecasters Ass'n versus Crisp that it is not "constitutionally unreasonable for the State of Oklahoma to believe that advertising will not only increase sales of particular brands of alcoholic beverages but also alcoholic beverages generally."; In Williams versus Spencer, the Court stated that "an advertisment encouraging the use of drugs encourages actions which in fact endanger the health or safety of students." And finally, in Capital Broadcasting versus Mitchell, a decision which was upheld by the Supreme Court, the district court found that there is a "close relationship between cigarette commercials broadcast on the electronic media and their potential influence on young people.

Turning to the final prong of Central Hudson's four-part test, Congress must demonstrate that a ban on tobacco advertising is no more extensive than necessary to meet the Government interest. Congress had taken numerous less restrictive approaches to limit tobacco consumption, including a ban on radio and television advertising, strengthened health warning labels, and increased excise taxes. While these efforts have resulted in increased consumer awareness of the health risks of smoking, their effect on overall consumption has been minimal. A total ban on tobacco promotion is the next logical step toward reducing tobacco consumption.

We hope that those involved in the promotion of tobacco sales will use this legislation as an opportunity to work with us. My door will always be open to hear all viewpoints. I invite representatives of the tobacco and advertising industries, the print media and others to take advantage of this offer so we can go forward together.

FARMING THE TAX CODE

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. PETRI. Mr. Speaker, the May 24, 1986 edition of the Wisconsin Agriculturalist newspaper carried a very illuminating article on tax shelters and their effects on America's family farms. For the benefit of my colleagues and the general public I ask that the article be inserted in the RECORD at this point.

FARMING THE TAX CODE

You may be wondering if what you hear and read about "tax loss" farming is really happening.

It is right here in Wisconsin, says Ron Jensen, Dane county farm management agent. Hardly a week goes by that he isn't contacted by non-farmers who want to make an agricultural investment to lower their income taxes.

In a recent week, for instance, he has been contacted by:

An out-of-state physician who wants to buy a 70-cow dairy farm in Rock county.

A group of investors who are checking into setting up a high-tech dairy operation in Dane county.

An Englishman searching for a farm to buy in southern Wisconsin.

An Illinois bank president who wants to buy a farm.

They all want to invest in farming for the same reason—to use losses from farming to lower their income tax bill while still building equity in their farm operations. It's perfectly legal to do and probably smart money management on their part.

Jensen traced the following example to show how an investor shelters income by investing in production agriculture. Last November, he wrote to Alta Verde Industries, a Texas cattle feeding operation which advertises tax deferrals in the Wall Street Journal. The advertisement goes something like this: "If you need a tax deferral on your income tax, consider feeding cattle."

In reply to Jensen, Alta Verde sent a letter, brochure, and budget sheet on their operation. The letter informed Jensen that, "Alta Verde can help you conserve tax dollars through our cattle feeding tax deferral shelter. Cattle feeding is considered by many tax consultants to be the finest type of investment for good profit possibilities and a high write off potential—two to one. You get two dollars of tax savings for every dollar invested."

The budget sheet gave details of the potential tax savings. Three investment possibilities were offered—the purchase of 250 thin number 1 and 2 Okie heifers, 250 number 1 crossbred steers, or 175 Holstein steer calves. The total cost for buying and feeding out the Holstein steers to market weight, for instance, was projected at $116,000, of which $40,000 was cost of the 175 steers.

The finished Holstein steers were further projected to be sold for $123,000—leaving a projected profit of $7,000.

To do all this, the investor would need to invest only $26,000. The remaining cost would be borrowed from a local lender at 2 percent above the prime interest rate.

But here's where the tax shelter comes into play. For the $26,000 investment, the investor could take a $73,000 tax loss from

his non-farm income. In other words, for every $1 he invests, an estimated $2.78 could be taken as a tax loss.

For an individual in the 50 percent federal tax bracket (someone with over $85,130 of taxable income) this scheme could save him/her over $43,000 in federal and state taxes. Not bad return for a $26,000 investment that the investor gets back when the cattle are sold, plus a possible profit.

What disturbs Jensen is that investors in this feedlot have an unfair advantage over farmers. Their investment is being subsidized by the U.S. Treasury Department through the tax write offs. That's true for almost all types of loss farming.

Jensen is further convinced that much of the overproduction of farm commodities in this country and the resulting poor prices are due to a large extent to such outside investors. As an example, the Alta Verde feedlot, with its 70,000 head capacity, finished out 60 percent of the total cattle fed out in Wisconsin.

Some members of Congress are also concerned with outside investing in agriculture being used as a tax shelter. Several have sponsored legislation to limit the amount of off-farm income that could be sheltered through farm operation. But witnesses at a hearing on the matter in Washington on May 1 differed on how to solve the problem.

Limiting the cash accounting method and modification of speedy depreciation rules were among the ways suggested for restraining outside investment in agriculture. Jensen believes tax shelters can be eliminated by allowing farm tax losses to be carried forward, only against future farm income.

There is no easy answer. But Congress could be receptive to a change as it looks for ways to increase tax dollars while reducing the agricultural budget. Changing the tax code to eliminate "tax loss" farming could help do both.

MARK E. TALISMAN'S YOM HASHOA ADDRESS

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. LEHMAN of Florida. Mr. Speaker, I would like to share with those who may not have been present on May 6, 1986, Yom Hashoa, the moving words of Mark E. Talisman, founding vice chairman of the U.S. Holocaust Memorial Council. His most eloquent statement during the 1986 Days of Remembrance continues to remind us of the importance of remembering. Mark Talisman has made a great contribution to the development of the U.S. Holocaust Memorial Council, and the monumental work that has gone into this endeavor is in no small part due to his dedication and vision.

Mr. Speaker, it gives me great pleasure to place his remarks in the CONGRESSIONAL RECORD, and I urge my colleagues to reflect upon the meaning of the Holocaust and its relevance to our world, both then and now.

STATEMENT OF HON. MARK E. TALISMAN, VICE CHAIRMAN, U.S. HOLOCAUST MEMORIAL COUNCIL

Mr. Vice President, Chairman Elie Wiesel, Distinguished Members of Congress and Guests:

This dome rings out with the history which has taken place beneath it. It reverberates with the sounds of life as democracy renews itself daily within it. It recalls with tears the scenes of remembrance as presidents and notables have lain here in state to receive the salute of our people.

Today's ceremony of remembrance is in keeping with the long and hallowed traditions of our nation to revere life thus to remember those who have died and the reasons for their demise.

We assemble again today in our annual taking of this moment, together to remember what had heretofore been remote for most of us who had not directly survived the Holocaust or had been a liberator for those who had survived.

We now know and are learning so much every day about the Holocaust which had intentionally and unwittingly been programed to forget. Each day reveals some among us herein this country who were perpetrators. Sometimes we are elevated by the story of a modest person who still lives who enobles life because of acts of heroism committed so very long ago without a second thought except it was the right thing to do.

Yet we are still shadowed by the question of how such monstrous acts could have been committed amidst such claims to civility and decency. It can truly be said ultimately so much that happened to six million Jewish people, hundreds of thousands of Gypsies, and homosexuals occurred because millions of good people when offered the chance did nothing to help.

Our aim must be to change the odds in this ever increasing turbulent world in favor of decency so that when offered the great honor to save a life that our response is immediately affirmative. That is why this National Day of Remembrance to memorialize the victims of the Holocaust is best focused upon the positive act of remembrance to assure it never happens to any one else every again. Simple tears however unending do not constitute such remembrance to honor the memory of the victims.

Our pledge to act upon that memory to assure that the future of our children will be bright based upon our knowledge that will know where we have come in this history to be sure where we must go, never repeating the horrible lapses which occurred allowing millions of innocent people to be destroyed.

It is said that "Ye shall build up the foundations of many generations and those that shall be of thee shall build up the old waste places and be like a spring of water whose water fail not."

Thank you.

PROTECTIONIST BACKSLIDING

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. COURTER. I want to bring to the attention of my colleagues an important editorial that ran in the New Jersey Star-Ledger June 3 responding to the recent trade bill that, unfortunately, passed this body.

We all agree that something needs to be done about our trade imbalance. There is no question that some U.S. industries are being hit hard by imports. But the big losers under the bill will be the workers of many of our most dynamic industries who will find overseas markets closed to them, and consumers who will pay higher prices on thousands of products. Additionally, American farmers will lose export sales as they are the primary target of retaliation when tariffs and quotas are imposed on foreign imports into this country.

The United States has made great strides in dealing with the basic causes of our trade deficit. Since February 1985, the Japanese yen and the West German mark have risen over 50 percent against the dollar. These currency realignments usually take 12 to 18 months to show substantial effects on trade flows. By late 1986, the effects should become quite visible and substantial improvements in the overall U.S. trade balance should occur in 1987.

While the key to successful trade lies with free trade, it must also be fair trade. Our dedication to free trade is reinforced by a determination to identify and halt cases of unfair trading practices against U.S. producers. We must continue to be aggressive in identifying these unfair trade practices against American producers, forcing other nations to play by the rules. Our goal should be to sustain the progress brought on by the economic recovery program of open markets, lower taxes and lower interest rates—not disregarding this program by creating zero sum protectionist legislation.

The excellent editorial from the Star-Ledger follows:

PROTECTIONIST BACKSLIDING

It was only a matter of time before simmering protectionist sentiments in Congress boiled over into an intemperate legislative reaction. That lamentable development has emerged in the House, which approved, in a one-sided vote, a measure that would impose rigorous import restraints, an action with a regressive potential for touching off a debilitating international trade war.

This is a blatant act of election-year legislating, an economic response that unquestionably will have broad popular support in back-home constituencies but will create havoc in U.S. relations with its trading partners. Troubled farm states would have their problems further compounded by trade restraints.

The proposed trade curbs will not solve the problem of the nation's record trade imbalances (the deficit hit $150 billion last year), the misguided reasoning behind the House bill. More likely, they will worsen a difficult negative trade position.

The measure would rigidly constrict our future foreign trade policy, forcing the President's hand in taking retaliatory counter actions against countries found to be engaging in unfair trading practices against sales of American goods abroad. It would leave the Administration with little flexibility and discretion in negotiating agreements that would lower barriers against U.S. exports.

In a blistering attack, the President made it amply clear he would veto the House trade bill, calling it "kamikaze" legislation that would send American jobs" down in flames."

There is common agreement that something must be done to begin cutting the size of our grossly oversized trade imbalance. Over-reactive trade constraints will worsen the problem, restricting rather than open-

ing overseas markets. In its current critical trade position, the U.S. cannot afford a debilitating trade backlash certain to be touched off by the protectionist legislation passed by the House.

Congress has been under intense pressure from industry to enact rigorous trade curbs, a politically expedient legislative action, acknowledging concern over significant U.S. job losses incurred by cheaper foreign goods flooding domestic markets.

Free trade, in its present imbalanced configuration, no longer is amenable to our trading needs. What is needed, instead, is a fair trade formula, an instrument that would lower artificial barriers imposed by our trading partners, principally Japan, against U.S. exports.

This is a matter that would require hardnose bargaining by the Reagan Administration to gain reasonable, equitable trade concessions. However, the President's hands would be tied under the restrictive, protectionist legislation enacted by the House. The Senate should undo this legsilative mischief, deflecting it before it reaches a crucial stage that would require a presidential veto.

THE CLOSING OF THE KING-SEELEY THERMOS CO.

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. EVANS of Illinois. Mr. Speaker, shortly before I was first elected to Congress, the King-Seeley Thermos Co. announced that it was closing its plant in Macomb, IL. That action cost my district nearly 200 jobs. The company decided to move its Macomb production to Batesville, MS. At its peak in 1978, the Macomb King-Seeley plant had about 600 employees.

The move to Batesville occurred under some mysterious circumstances. It turned out that Batesville had received a $600,000 urban development action grant [UDAG] to improve the industrial park where King-Seeley's newly transferred production would take place. I protested vigorously to the Department of Housing and Urban Development. But HUD officials assured me that there was absolutely no connection between Batesville's UDAG and the loss of jobs in Macomb.

I was never satisfied with HUD's response to my protest, and neither were the King-Seeley workers and city officials in Macomb, IL. We knew that UDAG regulations expressly prohibit the use of grant moneys for transferring jobs from one community to another. But despite those regulations, such job transfers have occurred.

Therefore, I am pleased that the Housing Act that we are considering would significantly strengthen regulations prohibiting the use of UDAG's to transfer jobs. Section 145 of the bill reads:

No assistance may be provided or utilized under this section for any project with identified intended occupants that is likely to facilitate a relocation of an industrial or commercial plant or facility or other business establishment from any city, urban county or identifiable community.

This language is clear enough that even HUD bureaucrats can understand it.

Unfortunately, this legislation comes too late for the King-Seeley workers in Macomb. Those jobs are gone to Mississippi, and the plant is being put to a new and productive use. But had these provisions been clearer 4 years ago, HUD could have been prevented from awarding a UDAG that directly cost that community 200 jobs.

I am convinced that in King-Seeley's relocation, HUD did not adhere to the letter of the law. The legislation now before us makes it crystal clear that Congress will not tolerate future UDAG grants transferring jobs from one part of the country to another. It's a message that HUD officials better study hard and learn.

IN HONOR OF LUCILLE BOSWELL

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. TORRES. Mr. Speaker, I ask my colleagues in the House to join me in honoring Lucille Boswell.

Mrs. Boswell will be honored by the East Los Angeles Soroptimists as a leader in advancing the role of women and minorities in the world of business. The Los Angeles native strongly believes that women can raise a family and also pursue career interests. Lucy, as she prefers to be called, is recognized and regarded by her coworkers and peers as someone who challenges others to pursue their potential.

As manager of consumer relations for Coca-Cola Co. of Los Angeles, she has set an example for those around her. Lucy has put her beliefs into action, working for 21 years at Coca-Cola while raising her three children. In addition to achieving highly set personal goals, Lucy has sought to generate high goals for society as well. She helped form a "Future Olympians" program which honored athletes in local media sources and not only encouraged them to realize their potential as competitors in the races they ran, but in life.

Lucy has been involved in her community particularly with social issues. She has been acknowledged by public officials on local, State, and national levels for her service to her community and fellow person on advisory boards and panels. She has worked with people from many different stations and economic backgrounds, demonstrating a talent for relating to people.

Mr. Speaker, I want to commend a woman who has held strong convictions and devoted her talents and energies to others, as she has striven to achieve her own high standards. Lucy has cut across barriers that often separate people to care for and encourage them. I wish her my best and encourage her to continue to strive toward her goals.

THE PLAZA VIEJA PARTNERSHIP

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. RICHARDSON. Mr. Speaker, La Plaza Vieja, Inc., in Las Vegas, NM, is a success story of the private and public partnership in economic revitalization, historic preservation, and job creation. The investors in Plaza Vieja, whom I recently met to discuss their project, have combined to attract CDBG funds, State moneys, and private parties to undertake a long needed refurbishing of the historic plaza area in north New Mexico.

Mr. Speaker, the efforts of the Plaza Vieja partnership should be commended, and I submit the attached article in New Mexico Business Opportunity News to be printed in the CONGRESSIONAL RECORD.

The article follows:

LAS VEGAS RESTORATION STIMULATES ECONOMY

Our Las Vegas, "the first Las Vegas," "the real Las Vegas," was founded 150 years ago by 29 Spanish settlers who laid out a plaza in the traditional manner and surrounded it with one-story log and adobe buildings as protection from Indian attack. The Santa Fe Trail had existed for only 14 years, but already $1 million worth of goods was finding its way annually from Independence, Mo. to Santa Fe.

In 1846 the New Mexico Territory was claimed by the United States and the town continued to prosper as a major way station along the Trail. When the Atchison, Topeka and Santa Fe railroad pushed itself west into Las Vegas in 1879, the boom years began. Midwestern merchants brought Midwestern architecture, and stores, hotels and warehouses sprang up, all sporting the finest Victorian detail of the day.

But by the 1920's, the rest of the nation roared, Las Vegas began to fizzle. The railroad shifted its base of operations to the then-smaller city of Albuquerque, local crop failure led to local bank failure, and by the 1930's Las Vegas joined the rest of the nation as it slid into decline. Lulled to sleep by the Great Depression, Las Vegas rested adequately for the next 50 years dependent upon state money supporting state-run institutions.

But a few years ago, Las Vegas began to rustle from her long sleep. Millionaire industrialist Armand Hammer founded the United World College of the American West at the foot of Montezuma Castle, formerly a magnificent resort hotel and spa; Public Service Company of New Mexico established the Montana de Fibre fiberboard plant; and entrepreneurs Wid and Katherine Slick joined with local partners Lonnie and Dana Lucero and put $2 million into an authentic restoration of the Plaza Hotel.

The efforts have unleashed a new spirit in Las Vegas, a spirit summarized in a recent mayoral campaign slogan: "Unity, respect and progress."

"That's a theme that caught on with an overwhelming number of voters (in March)," Slick says. "People are starting to say, "hey, we've got to get it together.' "

"Those qualities were absent four years ago when Slick and his family, looking for a smaller community with a better quality of life than his native Dallas, chose Las Vegas

as a place to settle and invest in. No local banks would participate in his hotel restoration, and he had to raise all of the money from outside Las Vegas.

But times have changed in three years. Many people, both inside and outside Las Vegas see the potential in restoring the city to something like its glorious Victorian past. A market survey has discovered that Las Vegas can support a number of new small businesses, and, most important of all, perhaps, adequate local financing is now available. That all adds up to some very interesting business opportunities opening up in Las Vegas in the next three to five years, beginning immediately.

"Today, someone coming in will find support that wasn't here three years ago," Slick says.

That support is concentrated in the hands of the La Plaza Vieja Partnership. Under the leadership of Slick, five general partners deeded their 18 commercial buildings in the Plaza/Bridge Street district to the partnership. Fifty-two limited partners then bought shares worth between $4,200 and $100,000, for a total cash equity of $1,050,000. The Bank of New Mexico and the Bank of Albuquerque made an additional $1,303,000 loan commitment.

Slick and Associates then conducted a market survey of Las Vegas to determine the economic viability of renovating 60,000 square feet of commercial space for mixed use as office, retail and residential. And that survey uncovered some very interesting information.

First of all, Slick found that some $20 million in consumer spending was being siphoned off by the larger markets of Santa Fe and Albuquerque. That, as the report states, clearly suggests that the city's commercial sector does not fully meet residential demand.

"It can be said," according to the report, "that to the extent that this demand is not met within the city there is unrealized business opportunity . . . The consumer survey indicated that there are a number of products and services which are not provided in the city to satisfy current local demand. Thus business which is targeted to take advantage of this unrealized opportunity is justified by this current market."

While some of the gaps in the economic fabric of Las Vegas have been mended in the two and a half years since the report was written, the areas of largest demand appeared to be in men's, women's and children's clothing. There appeared to be room for more competition in the area of stereo equipment, and the report went on to list a number of other recommended stores, in order of perceived need: women's accessories, furniture, records, sporting goods (with camping, hiking and fishing gear), books, fabric, electrical and plumbing supplies, housewares, tools and hardware, arts and crafts, drug and variety, pets, bakery, plants, appliances, photographic supplies, candy and nuts, gifts and novelties.

In addition, consumers perceived a need for more restaurants. Six eating establishments have opened there in the last six months, so that need may no longer exist. But Las Vegans also saw a need for more entertainment, including possibly a skating rink, gym, live stage shows and plays and more movie theaters (there currently is one).

Finally, it also seems there is a market for more professional services in Las Vegas. These include doctors, dentists, lawyers and accountants, along with business support services such as quick printing, professional secretarial services and office supplies.

We're looking for interested, solid businesses," Slick says. "Either a branch of an existing business or an entrepreneur."

People opening businesses today in Las Vegas will find some nice inducements not available in past years. La Plaza Vieja will help a prospective tenant select a suitable site in a historic building, renovate that building to meet his needs, lease him space for between $4 and $6 a square foot and perhaps even help him outfit his store or office with fixtures.

"This way a person won't have to spend a lot of money to get started," Slick says. "We want the district to get more and more popular."

This type of planned, deliberate development, where needs are determined and space developed to fill those needs, has worked elsewhere. Will it work in Las Vegas?

Corky Fernandez, the president of the Bank of New Mexico, believes strongly in the viability of a revitalized Las Vegas, and has thrown the resources of his bank solidly behind the project.

"We need to go into this consciously and slowly," he says, "I don't think it will happen over night. But if we walk through it, it will work."

Dr. Gilbert Sanchez, newly installed president of New Mexico Highlands University, sees his plans for a renewed, expanded university dove-tailing perfectly with a restored Plaza/Bridge Street district.

"We want to recruit students from beyond a 60-mile radius," Sanchez says of his goal of adding 800 new students to the existing 2,000 within the next three years. "These students will spend the weekends here and spend more money in the community. We've hired an activities director, and hope to develop more things to do on weekends—have a successful football team, upgrade the dorms, have dances, band concerts, plays, maybe a summer theater series."

Appraiser Judith Wolfe feels the renewed energy evident on the Highlands University campus holds tremendous promise for Las Vegas, and agrees there's room for expansion all over the city.

"Any one who wants to get up in the morning and appeal to the economic base of Las Vegas will prosper. I'm living proof. If you're willing to put in the slightest energy, you will succeed. The opportunities here are unlimited."

Some people have characterized Las Vegas as New Mexico's best-kept secret. It commands a beautiful setting, guarding the east door to the Pecos Wilderness and overlooking the endless plains stretching into the rising sun. It includes a priceless repository of some 700 Victoria-era buildings listed on the National Register of Historic Places. Its economy stands on firm footing with the United World College, Highlands University, Luna Vocational-Technical institute, the state hospital, a state highway regional headquarters and the fiber board plant. It straddles Interstate 25 and has a stop on the Chicago-to-Los Angeles Amtrak run.

With much of the rest of the country becoming more congested, Las Vegas presents a quality of life envied elsewhere. Will the secret remain a secret much longer?

CHIPPING AWAY AT CIVILIZATION

HON. BOB CARR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. CARR. Mr. Speaker, I recently read an article by Mr. Fredric Alan Maxwell in the May 19, 1986, issue of Newsweek magazine. It eloquently describes the arbitrary nature of the Gramm-Rudman-Hollings Deficit Reduction Act, which I voted against. I would like to share it with my colleagues by placing it in the RECORD.

[From Newsweek, May 19, 1986]

CHIPPING AWAY AT CIVILIZATION

(By Fredric Alan Maxwell)

Two months ago I sat at my usual study desk in the normally tranquil Main Reading Room of the Library of Congress and was arrested. I was led away and handcuffed, and over the next 17 hours I endured four body searches, three fingerprint sessions, two stale bologna sandwiches called breakfast and one somewhat reluctant judge—all because I wanted to stay in the library and study.

You see, this son-of-a-librarian is a professional researcher, a fact junkie who rarely loses a game of Trivial Pursuit. Corporations and individuals from all over the country hire me to dig deeply into the data that only Washington, D.C., the information capital of the world, offers. And by far the best fix for my addiction is the 82 million-item collection called the Library of Congress. Yet the powers that be, the people we hire to run our country for us while we're doing more profitable things, have done something that the Great Depression, two world wars and numerous recessions couldn't: reduce the hours that our beautiful national library is open to the general public. I didn't vote for that. Did you?

The library has been open evenings since 1898 and on Sundays since 1903. Now it closes at 5:30 except on Wednesdays and is not open at all on Sundays. And under what Sen. Robert Byrd called "the computerized meat ax" of a law, Gramm-Rudman-Hollings, its budget will be reduced even further unless something is done. So some of us did something. When the new hours went into effect, we simply stayed on. Library officials announced "an ad hoc practice of toleration." But on the third day, I suspect, someone gave someone else a call, and at 5:30 the Main Reading Room was filled with more police than I'd ever seen and 14 of us began our empirical study of the criminal-justice system.

VITAL DUTIES

Daniel J. Boorstin, the librarian of Congress, put it best when he argued that the cuts were "antidemocratic and antiknowledge." Historians, he said, "will not fail to note that a people who could spend $300 billion on their defense would not spend $18 million on their knowledge."

Now I'm not antidefense. I voluntarily enlisted in the Navy during the Vietnam era and served two years on the Chief of Naval Operations' personal staff. My duties were vital, the people I worked with were dedicated; still, I can't forget that at the end of a fiscal year, I was ordered to spend the remains of my unit's budget to ensure the same level of funding the next year.

My major concern now is books, not bombs. The library is the center of historical book preservation, of Braille transcription and copyright protection. It is the place where you register your product in case you want to make some money from your effort and initiative. Most important, it is the core of the information revolution energizing our country. As such, it embodies the ideals of this experiment called America where society is based on ability, merit and the democratic ideal that it is *what* you know, not whom.

In the 19th century "social Darwinism" justified the rewards that came to the economically fittest. But even then, a proponent like Andrew Carnegie built libraries so that the largest possible number of people would have access to information.

A buddy of mine works as an aide in the Senate. I asked him what the current allocation for the Strategic Defense Initiative, Star Wars, is, and he didn't know. I wonder how many people know that our nation is spending $2.7 billion on that one small and highly debatable program, and that three days' worth of that funding would totally restore the library's cuts. I could recommend giving Star Wars researchers three days off—a long weekend without pay. We're at least three days ahead of the Soviets, and our Star Warriors could probably use the break at the end of the fiscal year after they scurry for ways to spend their allocations. I could also suggest that since Gramm-Rudman-Hollings calls for a 4.3 percent cut this year and since we have 100 senators, we simply eliminate 4.3 percent of them, starting with Mr. Gramm, Mr. Rudman and Mr. Hollings.

GRADUAL EMASCULATION

In a different context, Dean Acheson once said that "in view of the fact that God limited the intelligence of man, it seems unfair that he did not also limit his stupidity." Congress can ignore the gradual emasculation of the greatest library in the world, but you will find me sitting in front of it, at the new closing hours, quietly, peacefully, protesting these insane cuts.

Oh, officials barred me from the library after I was arrested, so I did some research, acted as my own lawyer and took them to court. They rescinded the ban and apologized for inconveniencing me. I only wish they would apologize to the students, lawyers and even the lobbyists who must use the library at night. For as the librarian of Congress has argued, "Any willful cut in our resources of knowledge is an act of self-destruction."

THE NEW GI BILL

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. MONTGOMERY. Mr. Speaker, the new GI bill thus far has been an overwhelming success. Much has been said about the effectiveness of the new program, but the letter I recently received from Gary K. Miller, SMSgt, Headquarters, Oregon Air National Guard in Portland, OR, says it best.

I have thanked Sergeant Miller for his letter and have informed him of the strong support given the measure by our distinguished colleagues from Oregon when I first introduced the new GI bill several years ago. There follows a copy of Sergeant Miller's letter:

PORTLAND, OR,
May 30, 1986.

Congressman G.V. "SONNY" MONTGOMERY,
Rayburn House Office Building,
Washington, DC

DEAR CONGRESSMAN MONTGOMERY: On the 6th of June this year I will have the honor of donning cap and gown and graduate from Eastern State College, La Grande, Oregon, with a Bachelor of Science degree. I've worked hard for this; I'm 37 and it is tough to get back to the books.

The main reason for my achieving this goal has been the financial support I've received through the new GI bill. I want you to know how much I appreciate your outstanding leadership in Congress in this and other initiatives affecting the reserve forces. The great State of Mississippi and this great nation are fortunate to have a leader and patriot such as yourself serving in Congress.

Thank you, again,

Very best regards,

GARY K. MILLER, SMSgt,
Hqs. Oregon Air National Guard.

IN PRAISE OF STEVIE WONDER

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. RANGEL. Mr. Speaker, I rise to pay tribute to the great musician, Stevie Wonder, for his outstanding contribution in the fight against apartheid.

Contrary to what the Reagan administration says, Americans can have a say in bringing an end to apartheid. Constructive engagement has failed, and companies which still hold to the belief that the Sullivan principles will bring change are deluding themselves. If Reagan and multinational corporations prefer to prop up the Pretoria regime, they should do so with the knowledge that the American people do not support their policies.

Entertainers have largely boycotted South Africa, and those who have performed there are widely viewed as collaborators by blacks. Stevie Wonder has become a leader in the antiapartheid movement by consistently urging his colleagues to stay away from South Africa. He preaches the gospel of human rights and equality for all South Africans, and is an active participant in the free South Africa movement.

Mr. Speaker, I bring the attention of my colleagues to the following article written by Sikhulu Shange, a black South African in exile. His eloquent statement in honor of Stevie Wonder is well worth reading.

[From the Cash Box, Sept. 21, 1985]

IN PRAISE OF STEVIE WONDER

(By Sikhulu Shange)

In our time and in our presence, is a man who lives his life in the most exemplary manner—Stevie Wonder! Having attained extraordinary prominence through his art, he now uses the power of his hard-won position to provide heroic leadership.

Being a South African in exile for the last 21 years with many of my fellow country men and women who are in the same dilemma, I feel compelled to make a statement about my country whenever the opportunity presents itself. I love my country, and it is against my will that I am torn apart from my family and friends. One has to go through the horrors of being barred from his own country, not even to come back to bury his closest relative! I have no apologies to make about fighting for the land of my birth; I am not asking the apartheid regime, or anyone who collaborates with that regime, to do me any favors, because South Africa is the land of my forefathers. I am entitled to raise my family with dignity and respect.

It is unjust for entertainers to go to South Africa to sing and dance for such a murderous regime! Black artists who visit South Africa, do so as honorary whites, but we say dishonorary blacks. Permission is stamped on their traveling documents so they can be privileged to live in the white hotels and perform for the white audiences; whereas the natives cannot even be considered to be employed as artists. The only time a South African is employed is when a white man signs his passbook for authorizataion. Some entertainers who perform in the Bantustans do so thinking, or pretending that they don't know it is still part of South Africa's murderous regime!

The Bantustans like Bophutatswana, Kwazulu, Transkei, etc. are integral parts of South Africa. No government in the world recognizes them except South Africa, who created them. People of South Africa do not need singing and dancing, they need their freedom, now! Entertainment is a political tool when used this way. When you sing and dance for the murderous regime of apartheid, it is a justification of murder of millions in that country.

Some entertainers meet devastating catastrophies while visiting my country. A black American dancer was touring my country with a troupe, and while he was there he was involved in a car accident. An ambulance belonging to a white hospital would not pick him up for treatment. As a result, he was not treated in time and that man is paralyzed for life. Had he been rushed to the hospital in time, he may be walking today. That is apartheid!

The people of South Africa salute the giant of the music industry, Stevie Wonder, for his unselfish participation in the struggle against the most abominable system of apartheid. Some entertainers have been arrested in front of South African embassies for demonstrating their outrage against apartheid.

The support from artists like Diana Ross, Gladys Knight and the Pips, Noel Pointer, Roy Ayers and Barry White, to name a few, have been tremendously positive. These artists and others refused to accept the "lucrative blood money," ranging from thousands to millions, to perform for that racist regime.

A man of integrity, accountability and credibility—Stevie Wonder—is a true humanitarian. His involvement in the civil rights movement and movements for freedom and peace around the world, places him at the apex of the freedom-loving people of the world. Stevie is a man of character and great vision, certainly he lives by his beliefs. Through his music and lyrics he communicates with the entire world. Recently he received awards for the album "The Woman In Red" which he dedicated to Nelson Mandela, the leader of the African National Congress of South Africa. He has been incarcerated for the last 22 years, along with other political prisoners of the A.N.C. Neslon Mandela's crime is that he struggles against the injustices of apartheid. Immedi-

ately after the news reached the apartheid regime's authorities about Stevie's act, the racist regime reacted as expected. Stevie's recordings have been banned from the airwaves and sales of his records have become illegal! A call was made to some of the other entertainers to support Stevie's stand against aparthied, by demanding that their recordings be taken off the air in South Africa. None answered the challenge.

The United Nations heralded Stevie by celebrating his 35th birthday at the General Assembly Hall in New York. Songbird Roberta Flack, Bobbi Humphrey and others celebrities joined the masses to hear the giant delivering this solidarity speech. Here are some of the excerpts from that speech: "Tell me this . . . if it is so important for the laborers to live in the industrial area in the cities, why must they be separated from their wives and children by living in the shacks? The resettlement camps are wrong. If they are so great, why don't the white want to live there? What about Nelson Mandela and other prisoners of consciousness? What is their real crime? When people are oppressed, they rise up and free themselves as they hear the bell for freedom ringing."

Thank you Stevie for being a man. People of South Africa have rendered apartheid ungovernable. The Pretoria regime have declared a state of emergency throughout South Africa. The beginning of the end of apartheid is in sight.

ARIZONA WINS THE COLLEGE WORLD SERIES CHAMPIONSHIP

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. UDALL. Mr. Speaker, I want to take just a brief moment today to pay homage to a great baseball team. Last night, the University of Arizona Wildcats defeated Florida State, 10–2, to win the College World Series championship over the Nation's top-ranked team.

For those who missed it, Mike Senne and Gar Millay both hit two-run homers for the Wildcats in the sixth inning. Gary Alexander pitched a seven-hitter, not even allowing a run until the ninth inning. And Tommy Hinzo even stole home in the seventh inning.

Last night's victory capped a great season for the Wildcats, who finished the year with a 49–19 record. And I must add, last night's championship was not the first for the Wildcats; they also grabbed the NCAA baseball title in 1976 and 1980.

I would like to extend by heartiest congratulations to the Wildcats. At this point, I would like to insert into the RECORD a Washington Post account of the game.

ARIZONA ROLLS TO TITLE IN COLLEGE WORLD SERIES

OMAHA, June 9.—Mike Senne and Gar Millay hit two-run homers in the sixth inning and Gary Alexander pitched a seven-hitter as Arizona defeated Florida State, 10–2, tonight to win the College World Series championship.

The Wildcats, who finished the season with a 49-19 record, won their third NCAA baseball title. They also won the series in 1976 and 1980.

Top-ranked Florida State (61-13) failed in its second trip to the College World Series title game. The Seminoles lost, 2-1, to Southern California in a 15-inning game in 1970.

"It was just an old-fashioned whipping," Florida State Coach Mike Martin said. "They did a great job. We threw our best at them and they beat us."

Both sixth-inning homers came off Florida State reliever Richie Lewis, the series' top pitcher with two saves and two victories entering the game. Lewis had relieved Seminoles starter Mike Loynd, who took the loss and fell to 20-3.

Loynd was trying to tie the all-collegiate season victory record of 21, set by Alan Fowlkes of NCAA Division II Cal Poly Pomona in 1980.

Arizona took a 1-0 lead in the fourth inning when Todd Trafton singled home Chip Hale. The Wildcats made it 2-0 in the fifth when Millay doubled, took third on a wild pitch and scored as Dave Rohde hit into a fielder's choice.

Senne's and Millay's homer made it 6-0 in the sixth. Senne, voted the series' most outstanding player, homered after a Chip Hale double. Trafton then walked, and Millay followed with his homer over the left field fence.

"Like Bill Murray said in 'Ghost-busters,' 'We came, we saw, we kicked their butts,' " Senne said.

Arizona scored three more runs in the seventh—one on a steal of home by Tommy Hinzo—and one more in the eighth for a 10-0 advantage.

Hinzo stole his third base of the game in the eighth to set a College World Series record for most steals in a championship game.

Florida State averted a shutout by scoring two runs in the ninth.

DOUBLE STANDARD FOR SOUTH AFRICA

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. RUDD. Mr. Speaker, the United States recently launched a successful raid against Libyan-based training camps for international terrorist groups. We went right to the source of this evil in an attempt to stop some of the despicable and random violence caused by the terrorist animals who prey on our citizens and stalk the airports and other travel centers in the West.

South Africa also followed our example by launching raids over her border aimed at the Soviet-sponsored African National Congress [ANC] rebels. Yet, our State Department condemned this action.

Mr. Speaker, a wise and patriotic American from Georgia, Gerry Achenbach, back in the Savannah Morning News, recently wrote to me asking about this hypocrisy and double standard for South Africa. I would like to enclose his thoughtful letter into the RECORD for the benefit of my colleagues.

The letter follows:

[From the Savannah (GA) Morning News, May 26, 1986]

A DOUBLE STANDARD FOR SOUTH AFRICA

Editor: I have wired President Reagan and other elected representatives this message:

By what hypocrisy is it legitimate for us to bomb terrorist bases in Libya, then condemn South Africa for exactly the same thing? After discovering huge supplies of Russian-made weapons, South Africa undoubtedly was trying to stop the continuing slaughter of her citizens. Terrorists all over the world are being supplied by Russia. Why not stop terrorism at the source?

We have been so duped and brainwashed by Russian disinformation, the cooperative liberal media, international bankers, et al., we seem unable to think rationally about the unbelievably complex problems in South Africa.

It amazes me how so many otherwise intelligent, well-read people have no knowledge of the history or background of that nation or how diligently they are trying to solve their myriad problems. Nor do most of us realize the dire consequences which will result from our continued interference in their internal affairs. Believe me, South Africa is the linchpin of the western world, and if her government falls, it won't take long for us to realize that we have shot ourselves in both feet and our gun exploded in our collective face.—G.H. Achenbach.

PRESIDENT KENNEDY AND NATIONAL SECURITY; PAVING THE WAY FOR A COMPREHENSIVE TEST BAN TREATY

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. DOWNEY of New York. Mr. Speaker, 23 years ago today President Kennedy addressed the expectant graduates at American University. Yet his words were meant for the world to hear.

Today, when the President of the United States has failed to achieve any progress in arms control in the past 5 years and has just recently expressed his intention to abandon SALT II, it is important to recall the historic words and actions of our 35th President. They were never more relevant than today.

In 1963, President Kennedy spoke of war and peace. He reminded his audience that:

Both the United States and it allies, and the Soviet Union and its allies, have a mutually deep interest in a just and genuine peace and in halting the arms race. Agreements to this end are in the interest of the Soviet Union as well as ours—and even the most hostile nations can be relied upon to accept and keep those treaty obligations, and only those treaty obligations, which are in their own interest.

This administration has failed to heed these words of a former President, despite its penchant for quoting him when it suits its needs.

President Kennedy ensured his place in history when he initiated the beginnings of a Comprehensive Test Ban Treaty 23 years ago. He recognized what every President since the inception of the nuclear arms race, with the exception of the current President, has understood: a Test Ban Treaty is in the best interests of American national security.

Kennedy said:

The conclusion of such a treaty, so near and yet so far, would check the spiraling arms race in one of its most dangerous areas. It would place the nuclear powers in a position to deal more effectively with one of the greatest hazards which man faces . . . the further spread of nuclear arms. It would increase our security—it would decrease the prospects of war. Surely this goal is sufficiently important to require our steady pursuit, yielding neither to the temptation to give up the whole effort nor the temptation to give up our insistence on vital and responsible safeguards.

As Paul Warnke has noted, it seems that the nuts, those in the administration who are proponents of a nuclear utilization therory, have indeed won. I would urge them to contemplate President Kennedy's words. What a benefit it would be to America if they understood what Kennedy understood, that—

No treaty, however much it may be to the advantage of all, however tightly it may be worded, can provide absolute security against the risks of deception and evasion. But it can—if it is sufficiently effective in its enforcement and if it is sufficiently in the interests of its signers—offer far more security and far fewer risks than an unabated, uncontrolled, unpredictable arms race.

The American people understand that it is in our own national security interest to pursue a halt to the arms race. It has all but ignored unilateral Soviet initiatives which for a year have given this country an opportunity to halt testing of nuclear weapons. Repeatedly it has refused to consider international offers to verify a nuclear testing moratorium. And this latest move to bury SALT II has finally revealed the Reagan administration's true colors. They have no desire to pursue any arms control agreement whatsoever.

President Reagan would do well to read and study the memoirs of President Kennedy. The same day that he proposed and began to institute a comprehensive test ban, he reminded the world of the universal desire for peace:

I am talking about genuine peace, the kind of peace that makes life on earth worth living, the kind that enables men and nations to grow and to hope and to build a better life for their children—not merely peace for Americans but peace for all men and women—not merely peace in our time but peace for all time.

On this, the 23d anniversary of President Kennedy's inspirational address to the leaders of the future, it is wise to recall his words and his purpose. It is my hope that those of us who still hear his call will pursue the kind of arms control that he advocated.

DEMOCRATIC PARTY BENEFITS FROM COELHO'S EFFORTS

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. BROOKS. Mr. Speaker, I am pleased to bring to the attention of my colleagues a column by David S. Broder from the Washington Post of Sunday, June 8, 1986. Mr. Broder extolls the outstanding achievements of our colleague, TONY COELHO, with particular emphasis on his successes as chairman of the Democratic Congressional Campaign Committee. I believe that TONY justly deserves the kudos received from Mr. Broder, as he also has earned the respect and warm esteem of his Democratic colleagues for his efforts in our own behalf as well as in behalf of the Democratic Party.

Mr. Speaker, I submit the following article for the CONGRESSIONAL RECORD:

[From the Washington Post, June 8, 1986]

TONY COELHO: THE TRIUMPH OF THE DEMOCRATS

(By David S. Broder)

Tony Coelho is so good at what he does, that he's scary. His success tells a lot about what's right—and what's wrong—with the Democratic Party.

Coelho is the 43-year-old congressman from Merced in California's Central Valley and the chairman of the Democratic Congressional Campaign Committee. He is an appealing and courageous man, a dynamic overachiever who has publicized his own battle with epilepsy as an encouragement to others who have that disease.

Politically, he has done so well since taking over the election committee for House Democrats that he is the front runner for election as party whip in the next Congress. That is the No. 3 leadership position and, traditionally, a steppingstone for future speakers.

Coelho's goal, he told me last week, is to see that not one Democratic House incumbent is defeated in November. If that seems farfetched, even for a man of his ambitions, consider this: in 1982, the last nonpresidential year, only three Democratic incumbents lost House seats—two of them because reapportionment forced them to run against Republican colleagues in Republican-leaning districts and only one to a nonincumbent challenger.

Coelho has spent his adult life learning the ways of the House and is a master of its politics. For 15 years, he served as an aide the Rep. Bernie Sisk, his district's congressman, and succeeded Sisk when he retired in 1978.

Since he took over the Democratic Congressional Campaign Committee in 1981, Democrats have picked up a dozen seats. He has transformed the committee from a pale shadow of its Republican counterpart into an effective fund-raising machine and has built a modern media center for Democrats to distribute their electronic messages.

Coelho's great skill is helping fine-tune campaigns. His official biography notes that earlier in his career he was a consultant to the House Parking Committee. He is as adept at fitting issues to districts as he was in finding spots in the House garage that suited members' needs.

He can tell you in one sentence how Democrats can exploit public fears about safety in airlines, drugs and food to make the case for activist government and, in the next sentence, brag that a Democrat in Nevada is winning because "he's running against the government."

Since it is an article of faith in the House that "all politics is local," Coelho's tactical genius makes him many allies. The difficulty arises when tactics begin to control policy choices. Coelho discovered in a hard-fought special congressional election in Texas last year that a tough line against foreign imports stirred the voters. Ever since, he has pushed hard for House Democrats to take what he calls "an aggressive stance" on trade issues.

The highly restrictive trade bill that passed the House last month in the face of veto threats from President Reagan was a central piece of Coelho's strategy for the November elections. He is not fazed when that bill is denounced by editorialists, who are rarely in tune with the Reagan administration, as a dangerous piece of protectionism. The trade issue "worked" for the Democrats in Texas last year, Coelho says, and he can tell you a dozen specific districts from Maine to North Carolina to California where it may help swing seats to the Democrats this year.

As a tactician, he rejoices that, "We've put the Republicans on the defensive." Whether the legislation is "responsible" is another question. "Our bill won't become law," he says, as if that were the answer to the objections. "We're forcing the administration to react to the problem of lost American jobs, and that's being responsible." The most visible administration response to passage of the House trade bill was a sudden move to shut down imports of Canadian cedar shakes and shingles. Canada in turn has taken angry retaliatory action against American computers, semiconductors, books and magazines. Two weeks after the Democrats' trade bill passed, there is talk of a trade war between the United States and its largest trading partner.

Canadians do not vote in American elections, and the long-term damage to the United States' economic future from indulging in short-term protectionism will be a negligible factor in this fall's congressional races. Tactically, Coelho is surely right that it's far better to tell your constituents how "tough" you are on foreign traders than to deal with the root causes of the upheaval in the international economy.

It is the triumph of Tony Coelho to make the Democratic message sell so well in 250 separate districts that not one incumbent may lose. It is the tragedy of the Democratic Party that in message and meaning, its whole is so often less than the sum of its parts.

THE 24TH ANNIVERSARY OF THE NEW FRONTIER INCORPORATED

HON. GEORGE (BUDDY) DARDEN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. DARDEN. Mr. Speaker, this past weekend I had the honor of joining in the 24th anniversary celebration of the New Frontier, Incorporated—a service organization founded by black men of Cartersville and Barton County, GA, during the South's civil rights upheaval. Its expressed purpose was to help provide a smooth transition between a segregated society and a truly integrated society without destroying the community.

The hard work and sacrifice of the original members of New Frontiers—and of the men who have followed them—is an example of how dedicated individuals can help their neighbors build a better society.

The men of New Frontiers recognize that neither government nor private enterprise can take care of all the community's social service needs. They have dedicated themselves to providing a helping hand to their neighbors

through actions such as donations to the Red Cross; the contribution of money, food and other goods to the needy, especially at times such as Christmas and Thanksgiving; the provision of shelter to the homeless; and the awarding of scholarships to young people, to help them build the foundation for a better life through quality education.

I ask my colleagues to join me in thanking the surviving charter members of the New Frontier for almost a quarter-century of outstanding contributions to betterment of this community. Those surviving charter members are: Luther Jackson, Eugene Dean, George Hendricks Sr., Rev. L.L. Kelley, William Wade, Elder Marvin Jones, Walter Johnson, Arthur Carter, William Roberson, Theodore Kellogg, Jr. and James Tinch.

We also should remember the deceased charter members of the organization—Clifford Ellis, Bennie Smith, George Bradley Wyatt, James S. Morgan Jr. and Theodore Kellogg Sr.—and one honorary member who is deceased, Oscar Canty.

Mr. Speaker, the New Frontier, Incorporated, continues its valuable work today under the leadership of President Weldon Dudley, Vice President Joe Weems, President-Elect John Morgan, Secretary J.S. Morgan III, Assistant Secretary Bobby Carr, Treasurer Walter A. Johnson Sr., Assistant Treasurer Arthur Carter and Parliamentarian Ralph Lowe.

I urge my colleagues to join me in commending these men—and Mr. Winston Strickland, one of the organizers of last weekend's anniversary celebration—for their unselfish service to Cartersville and Bartow County.

STEPS TAKEN TO STABILIZE THE AMERICAN MERCHANT MARINE

HON. JOHN MILLER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. MILLER of Washington. Mr. Speaker, last week the House Merchant Marine and Fisheries Committee took an important step toward stabilizing and eventually improving the stature of the American merchant marine.

On Wednesday, the committee reported out two bills, H.R. 3662, "The Maritime Agreements Act," and H.R. 4136, "The Military Auxiliary Vessel Resolving Fund Act," or as is more commonly known, build and charter legislation.

Both these bills are intended to improve the competitiveness of the American merchant fleet and are logical extensions of the policy of cargo preference reaffirmed by the House last year.

H.R. 3662 would allow the President to enter into bilateral agreements with other maritime trading countries. Such agreements should result in more cargo being carried on U.S.-flag vessels. The goal is to provide long term stability for our merchant fleet based on these agreements by providing up to one-third of the bilateral cargo for U.S.-flag vessels.

The second bill, Mr. Speaker, is H.R. 4136. This bill addresses two issues which concerned me greatly last year when the House debated changing cargo preference laws. First, our merchant fleet is too small to meet our national defense needs during a time of crisis. Second, we do not need more ships of any type, what we need are more modern and efficient merchant ships which are adaptable to possible military duty. This bill provides for a revolving fund which will allow the Navy to build vessels to their specifications based on consultation with the private sector. These private carriers will make lease payments to the Navy which will finance future ship construction.

Mr. Speaker, that is the good news. Now, for the hard part. The build and charter program will cost $852 million, which was included in the supplemental appropriations bill we passed. These funds as I said will be repaid to the Treasury. The unanswered question right now is the availability of funds. That will depend on decisions made in the Armed Services and Appropriations and Budget Committees later this year. We still face huge deficits, which we must reduce. Nationally, deficit reduction is our No. 1 problem and must be addressed.

The principle of cargo preference is sound, the program of build and charter meets our military needs and helps our shipping industry. I hope we will be able to pass these two bills this year and put these programs into operation.

THE NEDROW VOLUNTEER FIRE DEPARTMENT EPITOMIZES THE SPIRIT AND CONTRIBUTIONS OF AMERICAN VOLUNTARISM

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. WORTLEY. Mr. Speaker, a Gallup Poll has shown that 52 percent of all Americans, 18 years old and over, participate sometime or another in a volunteer activity. This service ranges from simply a one-time basis to a full-time commitment.

Ten percent of all Americans serve 4 or more hours a week to help others.

Since the earliest days of our Nation, voluntarism has flourished in America and enriched the lives of the people in our communities.

So it is with singular pride that I commend the attention of our colleagues to the activities of the Town of Nedrow's Volunteer Fire Department in my New York State congressional district.

The dedicated activities of this organization epitomize what is best about voluntarism and the American tradition of neighbors helping neighbors.

Besides responding to emergencies, the men and women of the Nedrow Volunteer Fire Department have, for some years, conducted life and health protective programs that I believe can be emulated throughout the United States.

One of these programs, that is rather unique, involves free, drive-in clinics for checking blood pressure. Offered at regular monthly intervals, the clinics make it possible for handicapped persons, who are unable to walk from cars to the fire station, to be tested to learn if there is a further need for a physician's care. Other volunteer services make the consultative services of specialists in cardiology, internal medicine and hypertension available at the fire station. Shut-in residents within the Nedrow Fire Protection District can make arrangements for blood pressure testing teams to come to their homes.

Why all this focus on making people aware of their blood pressure?

Warns Charles Petrie, coordinator of the fire department's clinic:

> If you think you have to be overweight, smoke too much or experience headaches or dizzy spells to be a high blood pressure victim, you have been misinformed. High blood pressure is known as the "silent killer" because it gives so little warning.

The clinic also provides free tests for glaucoma and diabetes.

The 19th century poet and essayist, Ralph Waldo Emerson, wrote that "the first wealth is health."

Mr. Emerson wrote from first-hand knowledge. He suffered from tuberculosis.

Mr. Speaker, my constituents are healthier and happier because of the wealth of innovative and dedicated service provided by the Nedrow Volunteer Fire Department.

A TRIBUTE TO McKINELY ELEMENTARY SCHOOL

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. ECKART of Ohio. Mr. Speaker, I want to pay tribute to an elementary school in my district—McKinely Elementary School—for having been named to the Ohio Association of Elementary School Administrators Hall of Fame. McKinely Elementary earned this distinction because of a broad spectrum of accomplishments, including student development and leadership, enrichment programs, remedial efforts, quality staff, parental and community support.

Three years ago, the administration at McKinely Elementary was dissatisfied with student pride and morality. In addition, they felt the school programs lacked active, achievement oriented goals. So teachers and administrators began working to improve student involvement by creating a climate where learning would be meaningful and exciting and parents, staff, and community members would be encouraged to participate in and benefit from the learning experience.

For example, the school introduced innovative programs such as the "Feeling Factory," a room reserved for students who want to talk about mutual problems and concerns, and a program called "Extra Step," to help pupils cope with the loss of loved ones, drug abuse or other problems. School officials also added a young authors program, a playground monitoring program in which older students watch over younger students and theme days when the entire school is devoted to a cultural pres-

entation. Parents, teachers, and community groups are all involved in these and other programs and it is for these reasons that McKinely Elementary has been recognized as one of Ohio's best elementary schools.

Mr. Speaker, McKinely Elementary School should be congratulated for being recognized as one of the top Ohio elementary schools. It has received a very special honor that is reflective of the commitment and dedication of McKinely students, parents, administrative and support staff, and teachers. I take great pride in representing constituents who recognize the value of primary education and have dedicated their lives to such high ideals and I wish to extend my most sincere congratulations to principal Margaret Lennard, and the students, staff, and parents of McKinely Elementary for distinguishing themselves and their community through the school's performance and selection to the Ohio Association of Elementary School Administrators Hall of Fame.

G. MENNEN WILLIAMS, 50 YEARS OF OUTSTANDING PUBLIC SERVICE

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. HERTEL of Michigan. Mr. Speaker, this Friday, June 13, 1986, the State of Michigan will be honoring a man who is a giant in his field, a man who has helped shape the history of our great State over the past 50 years, a man who has proved to be an outstanding leader, a dedicated public servant, and a compassionate humanitarian. That person is G. Mennen Williams, chief justice of the Michigan Supreme Court and former Governor of Michigan.

It is with the greatest respect and admiration that I pay tribute to this statesman. Mr. Speaker, not only is Mr. Williams one of the greatest leaders of the State of Michigan in modern history, but a close personal friend and adviser. In addition, I have the privilege of serving him in the U.S. House of Representatives as he resides in the 14th Congressional District.

Mr. Williams has served on the Michigan Supreme Court since 1971, and as chief justice since 1983. As chief judge, he inculcated his philosophical views into the laws of Michigan. He also has been instrumental in reorganizing the judicial system—modernizing and computerizing the court records. He personally sat on many committees and worked closely with experts, overseeing the program to ensure that the finest systems were installed to record Michigan's legal history.

Perhaps the greatest contribution to the judicial system, however, dates back to his years as Governor. During that period, his high standards for judicial appointees brought only the best and the brightest to the judicial system—individuals with great competency and integrity. Even political critics had to commend Governor Williams for the quality of his judicial appointees.

Although Mr. Williams' career in public service spans several decades, the people of Michigan will always remember him best as their Governor. First elected Governor in 1948, G. Mennen Williams was reelected in 1950, 1952, 1954, and 1958, serving more consecutive terms than any Governor in American history, up to that time.

Michigan today leads the Nation in the quality of its schools and education programs. This phenomenon did not happen overnight; its roots can be traced back to the foresight of a Governor who wanted the citizens of Michigan to have every opportunity for the best education available.

Michigan today prides itself in a superior highway system. These top-grade roads were planned and built under the guidance of a Governor who recognized the growing need to provide quality access to every part of the State.

Michigan today is recognized as a leader in the civil rights movement and for its progressive social and labor laws.

Michigan today has an abundance of natural resources; its lakes, forests, and wilderness have been preserved due to the forethought of a Governor who wanted his people to enjoy the natural beauty of our State and preserve much of its splendor for our children and grandchildren.

In 1961, President John F. Kennedy's first appointment made G. Mennen Williams Assistant Secretary of State for African Affairs. During this time, Mr. Williams traveled 500,000 miles on official trips to Africa. He visited virtually every area on that vast continent to obtain firsthand knowledge of conditions and to explain United States policies to the people and governments of Africa. He left his mark in Africa; it is said that the tribal chiefs in many nations can be seen wearing the symbolic green and white bow tie given to them by one of the United States' premier Irish-Americans.

When Mr. Williams resigned from this post in 1966, he was able to report to President Johnson:

> I believe it particularly noteworthy that during this period not a single Communist satellite has emerged from Africa.

President Johnson added:

> You have every right to be proud of the excellent relationships that exist between this Nation and the many countries of Africa. You have earned the respect and admiration of all who have worked with you and you will be sorely missed.

From 1968–69, Mr. Williams served as U.S. Ambassador to the Philippines. At that time, United States military personnel stationed in the Philippines were not permitted to enter the United States Embassy. Mr. Williams opened up the Embassy to the Americans stationed there, calling it their "home away from home."

Mr. Williams was the first foreigner to be elected "Philippine of the Year" by a popular vote of the Philippine people.

G. Mennen Williams began his public service career in 1936 as an attorney with the Social Security Board in Washington, DC. Subsequently, he served as Executive Assistant to the Attorney General of the United States, the late Frank Murphy.

Other Michigan posts held during his notable career include: Member of the Michigan Liquor Control Commission, deputy director of the Michigan Office of Price Administration, and assistant attorney general of Michigan.

During World War II, Mr. Williams served in the Navy in the Pacific and attained the rank of lieutenant commander. He was awarded 10 battle stars, the Legion of Merit with Combat "V," and served with units winning three Presidential Unit Citations.

Mr. Speaker, I can hardly commend an inspiring public official without mentioning the guiding spirit behind the man: His family. Mr. Williams is married to the former Nancy Lace Quirk. They have three children: G. Mennen, Jr., Nancy, and Wendy, and three grandchildren: G. Mennen III, Lee Ann, and Julia.

Finally, I would like to say something about the personal side of G. Mennen Williams. He is a man of great religious convictions and his life has exemplified the practice of those beliefs. Although born to great wealth, he devoted his life to working for those who did not have the advantages he did. These qualities have made him truly a hero of our time. I hope all my colleagues will join me today in praising G. Mennen Williams for his phenomenal work on behalf of the State of Michigan, the Nation and indeed, the world.

A DISTINGUISHED CAREER

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. GALLO. Mr. Speaker, it is rare that a man distinguishes himself by sheer hard work and dedication. Pasquale T. De Chiara is such a man. Pat, as his friends call him, is a career civil servant and has been continually characterized as a man who gives his all to his fellow workers, his community, and his country.

In 1980, Pat reached his lifelong goal by becoming postmaster in Livingston, NJ. He has been responsible for 118 employees, 4 supervisors, 36 carrier routes, 34 postal vhicles, and a branch office.

Pat's most recent and perhaps greatest accomplishment is his work on a new post office in Livingston. His vision of a new post office has been instrumental in developing the plans for this site. At this point in time, property has been purchased and plans have been drawn with a completion date set for the summer of 1987. The new structure is slated as a 20,000-square-foot plant utilizing much of the latest, state-of-the-art equipment and mail processing methods.

Pat was born on November 5, 1927, in Morristown, NJ. He is the second son of Lucia and Raphael De Chiara who emigrated from Italy in the early 1920's. He grew up on Abbott Avenue with his older brother Raymond and his younger sister Frances. After graduating from Morristown High School, Pat served in the medical corps of the Armed Forces during the Korean conflict.

In 1950 Pat married the former Ann De Caro. They were fortunate enough to have four beautiful children; Patricia, Lucille, Raphael, and John. Soon after marrying Ann, Pat was recalled into the medical corps and

served an additional 13 months at Camp Edwards, MA.

His long and distinguished postal career began in Morristown as Pat worked in the capacity of a special delivery messenger. Nine years later he was promoted to foreman of carriers in Morristown. He then progressed to assistant superintendent of mails, and in 1973 he assumed the position of assistant postmaster of the Morristown Office.

Examples of Pat's continued service are varied and extensive. He was a member of the radiological detection team of the Morristown Civil Defense, received the Minute Man Flag for enrolling more than 90 percent of the Morristown employees in a payroll savings for the savings bond drive, received a quality step salary increase for exemplary supervision, served as an usher and bingo volunteer for St. Virgil's Parish in Morris Plains, and worked on the Christmas on the Green Committee in Morristown. In 1970 he was named the grand marshal in the Christmas parade and for this he received the National Parks Centennial Association Award.

Pat is a member of the Livingston Area Chamber of Commerce and served 3 years as its director. He is also a member of Livingston Unico and the Lion's Club.

Pat's career is one that commands respect and admiration. His record is one which serves as an inspiration for any aspiring civil servant. Pasquale T. De Chiara is a man who gave his best to his country and community and his work will not be easily forgotten.

TRIBUTE TO IRENE SUDANO

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. TRAFICANT. Mr. Speaker, today I rise to pay tribute to a very special person, Mrs. Irene Sudano, a constituent to mine from Niles, OH.

Irene's son, Detective John Utlak was killed on December 8, 1982 while working undercover on a narcotics case. His killers were caught and are currently serving life terms. No words of comfort or expressions of sympathy can adequately console Mrs. Sudano for the loss of her son. But Irene Sudano is a fighter. She now is the chairperson of the Survivors Committee of Officers Killed in the Line of Duty.

Irene Sudano has chosen to share with and help others who have lost loved ones in the line of duty. Through her tireless efforts, Irene ensures that this country remembers the grave sacrifices made by our law enforcement officers in the field. She is determined that the supreme sacrifices made by this Nation's law enforcement officers are not forgotten. Rightfully so, this Nation honored the more than 2,000 law enforcement officers who have given their lives in the line of duty since 1960 on May 15, Police Memorial Day.

Irene Sudano has dedicated her life to helping others who have suffered the tragic loss of a loved one. She is a remarkable woman with an indomitable spirit. I can only admire and applaud her courage and determination. I am both honored and proud to count her as one of my constituents. We are all enriched by her efforts and her commitment to the families of officers killed in the line of duty.

Mr. Speaker, in paying tribute to Irene Sudano, I also call upon my colleagues to lend their support to legislation that is very important to her and other families of law enforcement officers—H.R. 4818, the "Public Safety Officers' Death Benefits Amendments of 1986."

According to the Congressional Budget Office, the cost of living has nearly doubled over the past 10 years. The current death benefit is $50,000, payable to the surviving spouse, children, or dependent parents of the officer.

H.R. 4818 does three important things. No. 1, the bill increases the death benefit to $100,000, and provides a cost-of-living adjustment at the start of each fiscal year to avoid further erosion of death benefits. No. 2, the bill allows any parent to be eligible to receive death benefits—regardless of whether or not they are dependents. This provision is vitally important because a majority of officers killed are 26 or younger, and may not be married or have children. The parents of the officer are still faced with expenses which could be paid with the death benefit.

The third feature of this bill is that it pays for itself via the establishment of a trust fund to pay a significant portion of death benefits. These funds would come from an additional $500 penatly assessed to every individual convicted of a Federal felony.

H.R. 4818 addresses an issue that is of great concern to the law enforcement community and their families. It is a legislative initiative championed by Irene Sudano, one that deeply touches her and countless other parents of officers killed in the line of duty.

As a cosponsor of H.R. 4818, which was introduced by my esteemed colleague from Michigan, BOB TRAXLER, I urge of my colleagues to lend their support to this important and much needed legislation.

Mr. Speaker, I would like to close by again affirming my deep admiration for Irene Sudano and my unbending support for her cause. She continues to inspire me in efforts here in Congress and I hope to continue working with her on behalf of the law enforcement community and their families.

FEDERAL INVESTMENT IN HIGHER EDUCATION

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. VENTO. Mr. Speaker, in remarks made recently by President Reagan, the President complained that a number of college students are not taking advantage of the job opportunities currently available to them. When responding to a group of close-up students the President stated:

You'd be surprised how many colleges have jobs on the campus for students and literally are advertising with no takers. And let me tell you, it isn't all bad if you have an opportunity to work to help defray your expenses, if you need to.

These job opportunities must be in President Reagan's imagination because they are surely not on our Nation's campuses. According to U.S. Department of Education statistics, participating colleges and universities have applied for $1.4 billion for the College Work Study Program in the 1986–87 program year. The money appropriated for use in this same time period was about 40 percent of the request, or $567 million to be exact. Now I am not sure where the President is seeing these job listings, but it obviously is not through the College Work Study Program.

Mr. Speaker, contrary to what this administration has stated in the past, all of today's college students cannot fund their postsecondary education on the basis of selling their stereo systems, they do not drive brand new sports cars, and they do not all take spring break trips to Florida. For the most part, these are hard working young adults who would welcome the opportunity to work to defray some of their college expenses.

I am concerned with what is becoming an increasing trend of higher and higher levels of debt for our college students. The President proudly boasts of the amount of money made available to college students in the form of loans. But it is difficult for a student to be idealistic about graduating from college when saddled with a $20,000 debt. When I was working my way through school it was possible to work at a blue-collar job and make reasonably good money. My generation would not have traded our jobs for a loan, nor would today's students. However, this type of work is simply not available for the most part to students today.

The Reagan administration has consistently tried to reduce the role of the Federal Government in helping students finance their higher education. Since taking office, the President has sought budget cuts and program changes that would make it far more difficult for middle-income families to finance an education for their children, and nearly impossible for low-income students to go to college.

President Johnson eloquently stated the need for a Federal role in higher education when he proposed the Higher Education Act back in 1965:

Nothing matters more to the future of our country: Not our military preparedness, for armed might is worthless if we lack the brain power to build a world of peace; not our productive economy, for we cannot sustain growth without trained manpower; not our democratic system of government, for freedom is fragile if citizens are ignorant.

Mr. Speaker, the same holds true today. It is imperative that we stand by this commitment.

KUHLMAN HONORED FOR 10-YEAR SERVICE AS SCHOOL HEADMASTER

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. TORRICELLI. Mr. Speaker, I rise in honor of Robert J. Kuhlman on the occasion

of his 10th anniversary as headmaster of Saddle River Day School in Saddle River, NJ. Few people have contributed as much to secondary education as has Mr. Kuhlman.

Mr. Kuhlman received his bachelor's degree in history from the King's College in 1960 and his master of arts in area studies from Fairleigh Dickenson University in 1963. He then went on to receive additional graduate credits from a number of universities, including Princeton University and the Harvard University Graduate School of Education.

Mr. Kuhlman joined the faculty of the Saddle River Day School as a fifth grade teacher in 1963. From there, he was named chairman of the History Department in 1964, chairman of the middle school in 1966, chairman of the upper school in 1968, assistant headmaster in 1972, and finally, he took on the responsibilities of headmaster in 1976.

Since Mr. Kuhlman became headmaster 10 years ago, the Saddle River Day School has gone through a sustained period of academic growth. This has included a strong college preparatory program, with advanced placement courses, independent study programs, small classes, a strong emphasis on writing skills, and the introduction of courses in economics, world affairs, and Russian history.

Mr. Kuhlman has also been very involved with organizations outside of school. He has served as secretary of Calvary Lutheran Church in Bergenfield, NJ, has taught Sunday school there for 14 years, and was a little league manager for 3 years in Emerson, NJ. He also is a member of both the New Jersey Associations of Secondary School Principals and the National Association of Secondary School Principals.

Robert J. Kuhlman is truly a humanitarian, a man devoted to his profession and to his community. I sincerely hope his next 10 years at the Saddle River Day School will be as productive and enjoyable as his first.

BOSTON TO HOST SPECIAL LIBRARIES ASSOCIATION CONFERENCE

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. FRANK. Mr. Speaker, I am pleased to note that Boston is to be the host city for the 77th Annual Conference of the Special Libraries Association [SLA], June 7–12. This year's theme "Excellence in the World of Information," is the focal point for this international meeting of information professionals.

SLA has come quite far from its organizational meeting, held on July 2, 1909 in Bretton Woods, NH with 57 charter members. Today, the association is made up of approximately 12,500 information managers and librarians in corporations, research centers, Government agencies including our own Library of Congress and specialized departments of public and academic libraries around the world. More than 80 percent of the members of SLA are women. Sixty-eight percent are employed in the corporate world, 20 percent in Government, 10 percent in education and 2 percent in public libraries. The association publishes books, periodicals, surveys, monographs, and bibliographies for the profession.

The goal of the Special Libraries Association is to advance the leadership role of its members in putting knowledge to work in the information society. Toward this end, SLA's conference has continuing education seminars and workshops to enhance its members' professional growth. More than 5,500 special librarians and information specialists will attend.

As the library community celebrates the centennial anniversary of library science education, it is noteworthy that SLA, while looking to the future and the opportunities it holds, is also looking back. SLA has funded a research project to trace the development of special library science education in the United States. It is intended to contribute to the centennial celebration of library science education and is designed to ensure that the historical record of library science education documents the emergence of special librarianship and its important contribution to education for librarians.

I congratulate the association on its 77 years of "putting knowledge to work."

SUPPORT TOBACCO AD BAN

HON. SAMUEL S. STRATTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. STRATTON. Mr. Speaker, I want to congratulate our colleague. MIKE SYNAR of Oklahoma. I am joining him today, along with five other House Members, in introducing legislation to ban completely the advertising and promoting of all tobacco products—prohibiting magazine, newspaper, and billboard advertising as well as sponsorship of sporting events.

Earlier this year Congress enacted legislation that incorporated my bill to ban TV and radio advertising of smokeless tobacco products. This latest proposal follows naturally from my smokeless tobacco bill, and from the 1970 ban on TV and radio advertising of cigarettes. It is the logical, next step in our fight against a proven health hazard that claims 1,000 lives every day in America.

Despite the clear hazard to health, the use of tobacco products—from cigarettes to snuff to chewing tobacco—goes on unabated, particularly among young people. It's the kids who are lured so successfully by glamorous ads splashed across the backs of popular magazines and billboards featuring athletic heroes, handsome cowboys, and even beautiful girls.

More than 20 years ago the Surgeon General reported on the serious health risks of tobacco, and proof of this contention has mounted ever since. Smoking and chewing cause massive health problems, including cancer, emphysema, and coronary heart disease. Still, young people often have no real appreciation of the risk to their health and their youth. Luring young people—and especially young women—into smoking with enticing, glossy advertising is unconscionable.

We must move forward in tackling this epidemic. It is terribly discouraging to see young girls walking down the corridors of schools and offices with cigarettes in hand, emulating the athletic, sexy, popular models in advertising. This slick campaign cannot be tolerated.

ONE HUNDRED YEARS OF SERVICE THROUGH EDUCATION

HON. BILL SCHUETTE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. SCHUETTE. Mr. Speaker, on May 22, the Sugnet Elementary School in Midland, MI, celebrated its centennial year. For 100 years, Sugnet School has been serving the community by educating and building the character of the children of Midland.

Those 100 years have been years of continuous growth and expansion for Sugnet School. When the school first opened in 1886, it was typical of the local schoolhouse that has become a part of our national heritage—a one-room white frame building capped by a belfry complete with school bell. Today, the school is typical of our most up-to-date educational facilities, having just completed a spacious new addition to accommodate its rapidly increasing environment. That enrollment has doubled in just the last 2 years.

The Sugnet Elementary Parent-Teacher Organization takes pride in the spirit of cooperation to be found among parents, teachers and students of the school. This is the real reason why the Sugnet School has grown and prospered over the past 100 years—the spirit of service, dedication and loyalty which characterizes all those associated with the school. I can personally attest to the loyalty that all those who have attended feel toward Sugnet School, for both my sisters, Sandra and Gretchen, attended.

Mr. Speaker, it is my privilege to commend this spirit to my colleagues in Congress and to the American people, and to offer my congratulations to the Sugnet Elementary School on its 100th anniversary.

THE 90TH ANNIVERSARY OF THE JEWISH WAR VETERANS

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 10, 1986

Mr. MICA. Mr. Speaker, I would like to take a moment today to speak about a veterans' group celebrating its 90th anniversary this year.

The Jewish War Veterans of the U.S.A. represents a proud tradition as the oldest active veterans' organization in America. Formed in 1896 by a group of Jewish Civil War veterans as the Hebrew Union Veterans, today the Jewish War Veterans work to implement programs related to American foreign policy, civil rights, defense spending, national security, and veterans' benefits.

Through its hospital, rehabilitation and veterans' service programs, the Jewish War Veterans assists the veteran and his dependents

in many ways by maintaining veterans service offices staffed by professionals, in major cities throughout the country.

The Jewish War Veterans supports the Boy Scout organization, provides summer camp scholarships for underprivileged children, provides college scholarships for promising high school students, and through its local posts, undertakes a variety of civic betterment projects, including the building of low-cost, federally-subsidized senior citizen housing.

On the 90th anniversary of this fine organization, let this statement stand as our proclamation of congratulations for all the special work that the Jewish War Veterans has done for America.